

Auditing Procedures Report

Issued under Public Act 2 of 1968, as amended .

Unit Name	Jackson County	County	JACKSON	Type	COUNTY	MuniCode	380000
Opinion Date	June 27, 2008	Audit Submitted	June 30, 2008	Fiscal Year	2007		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="text" value="40,056,073"/>
General Fund Expenditure:	<input type="text" value="38,116,090"/>
Major Fund Deficit Amount:	<input type="text"/>

General Fund Balance:	<input type="text" value="9,215,927"/>
Governmental Activities Long-Term Debt (see instructions):	<input type="text" value="20,353,338"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	David	Last Name	Fisher	Ten Digit License Number	1101010337
CPA Street Address	675 Robinson Road	City	Jackson	State	MI
		Zip Code	49203	Telephone	(517) 841-4214
CPA Firm Name	REHMANN ROBSON	Unit's Street Address	120 W Michigan 6th Fl	City	Jackson
				Zip Code	49201

COUNTY OF JACKSON, MICHIGAN



Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2007

Prepared by:

**Randall Treacher, Interim County
Administrator/Controller**

Gerard Cyrocki, CPA, Finance Officer

INTRODUCTORY SECTION

JACKSON COUNTY, MICHIGAN

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2007

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* * * * *



Jackson County ADMINISTRATOR/CONTROLLER

Randall W. Treacher, Administrator/Controller

June 27, 2008

To the Board of Commissioners and the Citizens of Jackson County:

Transmitted herein is Jackson County's Comprehensive Annual Financial Report of the fiscal year ended December 31, 2007. Jackson County's financial reporting requirements are mandated by Michigan Act 2 of the Public Acts of 1968, as amended. This Act requires that Jackson County issue an annual financial report, and that this report be audited by certified public accountants.

This report consists of management's representation concerning the finances of Jackson County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Jackson County's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, our framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Jackson County's financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Jackson County for the fiscal year ended December 31, 2007 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Jackson County's financial statements for the fiscal year ended December 31, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Jackson County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF JACKSON COUNTY GOVERNMENT

Jackson County, 707 miles square and with a current population of approximately 163,851, is located in the south-central portion of Michigan's Lower Peninsula. The County was incorporated on August 1, 1832.

Jackson County is governed by a twelve-member Board of Commissioners. Each Commissioner is elected on a partisan basis for terms of two years from single-member districts. The board annually elects from its ranks a Chairperson and a Vice Chairperson by majority vote. The administration of the County, other than as delegated to elected officials, is guided by the County Administrator/Controller who is appointed by a majority vote of the Board of Commissioners and serves at its pleasure. Primary functions of the Board include determination of the type and level of County services, adoption of the County Budget, equalization of County property values, legislative oversight of County services and the appointment of various boards, commissions and County officials.

Judges of the 4th Judicial Circuit, Probate Court, and 12th District Court are elected at large for six-year terms. Operation of the court system is under the auspices of the Michigan Supreme Court and the respective presiding Judges, while the County government primarily provides financial support.

Administration of the county is divided by the Michigan Constitution among various constitutional or statutory County officials, including the County Treasurer, County Clerk, Register of Deeds, Prosecuting Attorney, Drain Commissioner and Sheriff, who are elected at-large for four-year terms. The County Treasurer is the custodian of all funds, administers the collection of delinquent property taxes, and performs other duties concerned with interrelated fiscal affairs of County departments and agencies. The duties of the County Clerk include keeping and maintaining records of births, marriages and discharges of military personnel, and serving as Clerk of the Board of Commissioners as well as the Clerk of the Circuit Court. The duties of the Register of Deeds include the recording of deeds, mortgages, surveys, plats, notices of liens and bills of sales. The Prosecuting Attorney prosecutes violations of State criminal law within the County and may represent the County in appropriate Courts. The Drain Commissioner administers the location, construction and maintenance of drains in the County. The Sheriff's duties involve the charge and custody of the County Jail, the serving of processes and primary law enforcement response in areas of the County without local police functions.

In addition, the Board of Commissioners appoints several County officials, including the Administrator/Controller, Health Officer, Medical Examiner, and Equalization Director. The Administrator/Controller's responsibilities include direction of central administrative functions of the County government and acting as a liaison on behalf of the Board of Commissioners between County offices, appointed officials and the general public. The Health Officer directs the operation of the County Health Department in accordance with Board of Commissioner's directions and as authorized by State Law. The Medical Examiner performs the statutory duties of Medical Examiner. The Equalization Director oversees the equalization process of the County as prescribed by law.

The Board of Commissioners also appoints various boards and commissions to oversee specific County services and to advise the Board on certain matters of interest. Appointments to boards overseeing specific County functions include the Department of Human Services Board, the Board of County Road Commissioners, the Parks Commission, the Airport Board, the Fair Board and the Economic Development Corporation Board among many others.

The business of the County is carried out on a daily basis by some 550 Full Time Equivalents located at several different locations throughout the County, providing a diverse array of services in the areas of human services, law enforcement, justice, administration, recreation, education, elections, and record keeping.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Jackson County operates.

Local Economy

Jackson County, located at the hub of Interstate 94 and U.S. 127 in Central Michigan's Lower Peninsula, enjoys a rich human and technical resource data base. The economic status of Jackson and the City of Jackson (County Seat) is heavily influenced by its geographic location and continues to diversify its economy in the areas of health care, manufacturing, service/professional, arts, and tourism related opportunities.

A significant factor contributing to the area's economic strength is the presence of the headquarters of Consumers Energy, one of the largest public utilities in the State of Michigan; the State Prison of Southern Michigan (SPSM), the State's largest correctional institution; and Foote Health System, the County's premier health care facility and largest employer. These major employers provide a secure foundation for the area's economy.

In December 2006, the Board of Commissioners entertained a proposal to sell 68 acres of surplus airport property to a national retail developer for the construction of a major shopping center. This development would lead to almost \$100 million in new construction, 1,000 new jobs, and provide some financial security for the operation of the airport by dedicating the proceeds of the sale to that purpose. The sale of the above property is currently in the "due diligence phase" of the process.

Additionally, the Airport's runway realignment project, which began in 2006, is currently in phase II construction. The total estimated construction budget is \$33 million. When completed this project will enhance the viability of an "Aviation Business Park" located on surplus airport property.

The tax base for Jackson County has grown steadily over the past several years. Property values for the County are estimated at \$12.0 billion based on the 2007 Equalization Report. The value of real property increased in 2007 by 4.06% despite a slow economy. The estimated "True Cash Value" translates into a State Equalized Value of \$6.0 billion. The total change in the Equalized Value was 3.81% for 2007 or \$221,791,697.

The local economy in Jackson County continued to have some success throughout 2007 even as the local economy continued to be sluggish. Seventeen firms increased their local investment by \$34,000,000. This investment resulted in the retention of 987 jobs and the creation of 367 additional jobs. Plans are underway to develop 1,000 acres of previously state owned prison property into a new industrial park. Local Downtown Development Authorities (DDA) and Local Development Financing Authorities (LDFA) continue to receive requests to expand their districts to include new developments.

Long-Term Financial Planning

Unreserved/undesignated fund balance in the general fund (18.7) percent of total general fund expenditures and transfers out) is within policy guidelines set by the Board of Commissioners for budgetary and planning purposes. In 2007, the Board expanded the guideline to 18%-24%, due to uncertain financial conditions with the State of Michigan.

The county continues to adhere to its plan to reduce FTE's in anticipation of State Revenue Sharing elimination that was approximately \$3,000,000 annually. As of December 31, 2007 the county has an achieved a net reduction of 31 FTE's since inception of the "reduction plan. This reduction has been

The county continues to adhere to its plan to reduce FTE's in anticipation of State Revenue Sharing elimination that was approximately \$3,000,000 annually. As of December 31, 2007 the county has achieved a net reduction of 31 FTE's since inception of the "reduction plan. This reduction has been achieved via attrition (retirements & terminations) and departmental reorganizations in conjunction with a new compensation plan discussed below.

The Board of Commissioners adopted a 4-year conceptual financial plan in August of 2005 to provide a targeted \$6.0 million financial adjustment to meet major uncertainties in the local, regional, and State economic markets. This financial plan is based on sound management and budget policies for the stewardship of public funds. This concept is defined more narrowly with "budget issues" that the County Board has adopted as integral in achieving this target. In addition to the staffing level mentioned above, some of the other issues that have been addressed since inception of that plan were:

- Compensation Plan
- Fringe Benefits Adjustments
- Implementation of 5 year CIP (capital improvement plan) and CERP (capital equipment replacement plan) plans.
- Revenue Initiatives

In 2007 the County Board enhanced the above plan by including the following additional issues:

- Pharmacy Benefit Manager- is a third party administrator of prescription drug programs. They are primarily responsible for processing and paying prescription drug claims. They also are responsible for developing and maintaining the formulary, contracting with pharmacies, and negotiating discounts and rebates with drug manufacturers on behalf of their client
- Health Care Dependent Eligibility Audit-is a means of making sure that the dependent spouses and children enrolled for coverage under the benefits plan are actually eligible for coverage.
- Medi-Gap Policy Analysis-Because the County is "self-insured", the Board is exploring cost savings opportunities for its retirees who are medicare eligible.
- Analysis of Department Operations- During the upcoming 2008 budget process, County departments will be asked to analyze their operational procedures and benchmark the cost of their operations to private sector providers.

Cash Management

Jackson County has been consistently conservative in its cash management. It is the policy of the County Treasurer to invest first for safety of the principal and second to maximize the interest earnings. These investments are consistent with State statutes and guidelines adopted by the Board of Commissioners. Investments are generally limited to certificates of deposit, high interest savings accounts and, United States or federal agency obligations. Because only a small portion of the County's portfolio can be covered by the FDIC insurance, it is essential that the County Treasurer continually evaluate the quality of the instruments purchased and the financial stability of the banks and other financial institutions with which investments are placed. In addition, the pension and post employment benefits trust funds may also invest in common and preferred stocks, corporate bonds, and mutual funds in accordance with state statute.

Risk Management

The County is self-insured (up to certain limits) for employees medical expenses and workers' compensation. The County contracts with Blue Cross/Blue Shield and RTW Inc. respectively, to administer these programs for its employees.

The County is covered for liability with traditional insurance through the Michigan Municipal Risk Management Authority (MMRMA). The coverage includes loss protection for general and automobile liability, motor vehicle physical damage, and property.

Pension and Other Post Employment Benefits

The County maintains two benefits plans that provide pension and post employment healthcare benefits to county retirees. These are a defined benefit pension plan and a retiree healthcare plan. The actuarial valuations applicable to the defined benefit pension plan continue to reflect positive funding ratios. Total assets in the post employment retiree health care fund showed a small increase from prior year as advocated by Board of Commissioners as part of their ongoing effort to fund future retirees' health care costs. In 2007, an actuarial valuation was performed to determine the full extent of the County's obligation to fund Other Post Employment Benefits (OPEB). The Board is currently exploring funding options with respect to that liability.


AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Jackson County for its comprehensive annual financial report (CAFR) for the year ended December 31, 2006. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the County of Jackson. I would like to express my appreciation to all members of the departments who assisted and contributed to the preparation of this report and in particular to Finance Officer Gerard Cyrocki. Credit also must be given to the Chairman of the Board and the County Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of the County of Jackson's finances.

Respectfully submitted,



Randall W. Treacher
Administrator/Controller

**2007
COUNTY OF JACKSON**

BOARD OF COMMISSIONERS

District #1	Clifford Herl	Board Member
District #2	David Lutchka	Board Member
District #3	Todd Brittain	Board Member
District #4	Phillip Duckham, III	Board Member
District #5	Earl J. Poleski, Vice-Chairman	Board Member
District #6	James Videto	Board Member
District #7	James Shotwell, Jr., Chairman	Board Member
District #8	Gail Mahoney	Board Member
District #9	Mike Brown	Board Member
District #10	Patricia Smith	Board Member
District #11	Michael Way	Board Member
District #12	David K. Elwell	Board Member

ELECTED OFFICIALS

COUNTY CLERK

Amanda Riska

COUNTY TREASURER

Janet Rochefort

COUNTY SHERIFF

Dan Heyns

DRAIN COMMISSIONER

Geoffrey Snyder

REGISTER OF DEEDS

Mindy Reilly

PROSECUTOR

Hank Zavislak

COUNTY SURVEYOR

Dean R. Gutekunst, R.I.S.

JUDICIARY

**4TH CIRCUIT /FAMILY
COURT JUDGES**

Chad Schmucker, Chief Judge
Edward Grant
John McBain
Thomas Wilson
Diane Rappleye

**12TH DISTRICT
COURT JUDGES**

Michael J. Klaeren
Joseph Filip
James Justin
R. Darryl Mazur, Chief Judge

**PROBATE
COURT JUDGES**

Diane Rappleye, Chief Judge
(Also in Family Court)

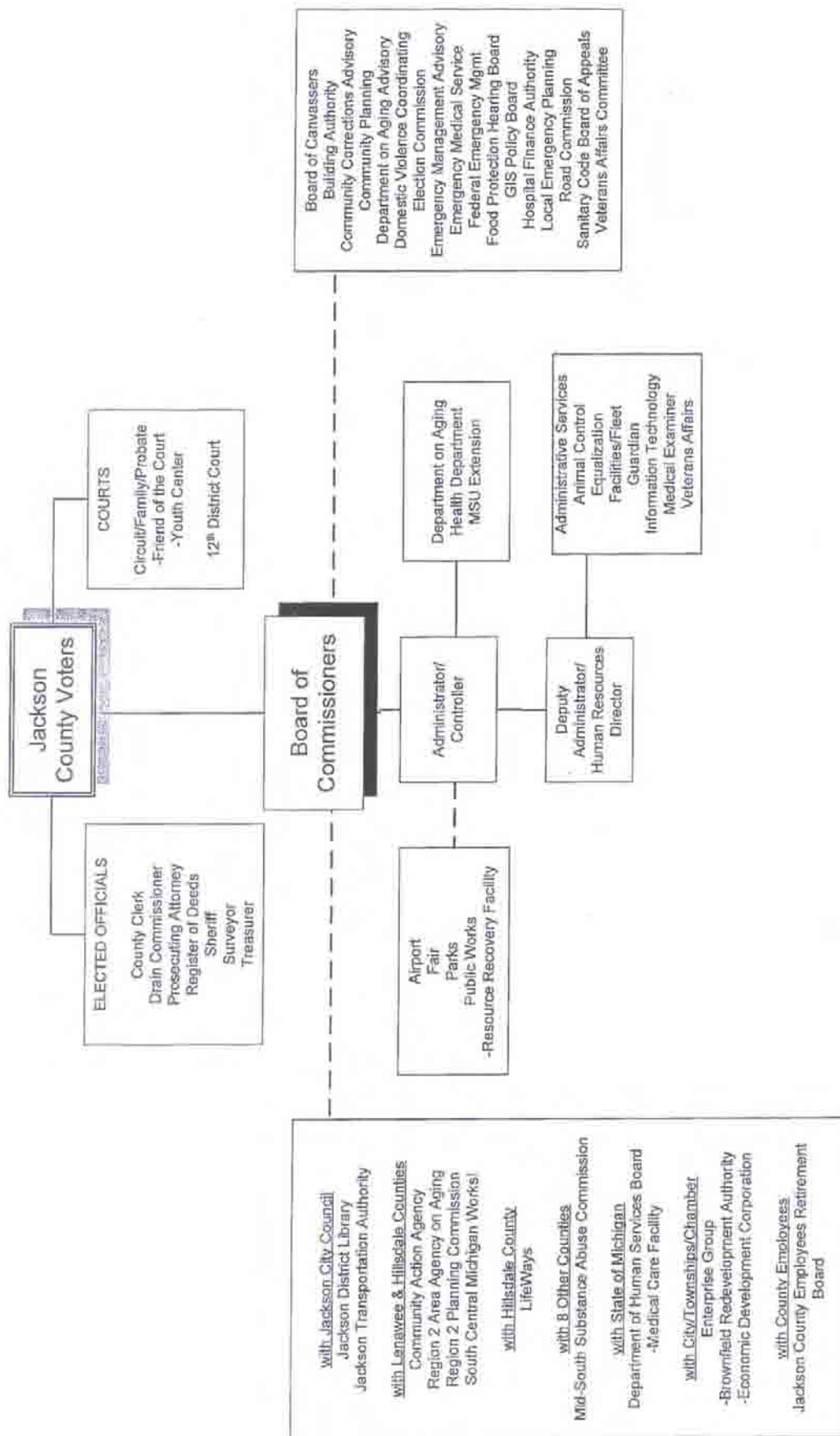
ADMINISTRATION

ACTING ADMINISTRATOR/HUMAN RESOURCES DIRECTOR

Randall W. Treacher

FINANCE OFFICER

Gerard Cyrocki



Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Jackson
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Enen

Executive Director

FINANCIAL SECTION



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



INDEPENDENT AUDITORS' REPORT

June 27, 2008

Board of Commissioners
County of Jackson, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **COUNTY OF JACKSON, MICHIGAN**, as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Medical Care Facility, which is a major fund, and therefore a separate opinion unit. In addition, we did not audit the financial statements of the Road Commission and the Economic Development Corporation, which represent 64%, 92% and 87%, respectively, of the assets, net assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, in so far as it relates to the amounts included for the Medical Care Facility, Road Commission and Economic Development Corporation, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Medical Care Facility were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Jackson, Michigan, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General and Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2008, on our consideration of the **County of Jackson, Michigan's** internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and GASB Statements 25 and 45 supplementary information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jackson County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, statistical section, and the schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive, flowing style with a large initial 'L'.

MANAGEMENT'S DISCUSSION and ANALYSIS

MANAGEMENT'S DISCUSSION and ANALYSIS

As management of the County of Jackson, we offer readers of Jackson County's financial statements this narrative overview and analysis of the financial activities of Jackson County for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages ii-xii of this report.

I. FINANCIAL HIGHLIGHTS

- The assets of Jackson County exceeded its liabilities at the close of the most recent fiscal year by \$79.1 million (*net assets*). Of this amount, \$51.2 million (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors. Governmental activities contain \$29.1 million of the unrestricted net assets. The Delinquent Tax Revolving Fund accounts for 72.4% of the business-type unrestricted net assets.
- The County showed an increase in total net assets of \$1.7 million dollars.
- At the close of 2007, Jackson County's governmental funds (this includes the general fund, special revenue, debt service and capital projects funds) reported combined ending fund balances of \$31.9 million, a decrease of \$1.0 million in comparison with the prior year. Most of this total is comprised of fund balances of funds created for a specific purpose. The general fund has an *unreserved/undesignated* fund balance of \$8.3 million.
- The general fund had a surplus of \$2,229,494 for 2007. At the end of the year, fund balance for the general fund was 20.7 percent of total general fund expenditures and transfers out.
- Jackson County's total Primary Government net bonded debt decreased by \$2.6 million.

II. OVERVIEW of the FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County of Jackson's basic financial statements. The Jackson County basic financial statements contain three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of Jackson County's finances, in a manner similar to a private-sector business. These statements use the accrual basis of accounting to report transactions.

The *statement of net assets* presents information on all of Jackson County's assets and liabilities. The difference between assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Jackson County is improving or deteriorating.

The *statement of activities* presents information showing how Jackson County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused paid-time-off leave).

Both of the government-wide financial statements distinguish functions of Jackson County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Jackson County include legislative, judicial, elections, general government, public safety, health & welfare, recreation & cultural, community development, and others. The business-type activities of Jackson County include a Medical Care Facility that provides long-term skilled nursing care, the Delinquent Tax Revolving Fund, and the Resource Recovery Facility, which provides waste to energy production, and landfill monitoring.

The government-wide financial statements include not only Jackson County itself, but also 6 legally separate entities, the Road Commission, an Economic Development Corporation, the Drain Commission, the Board of Public Works, Brownfield Redevelopment Authority, and the Land bank Authority for which Jackson County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. The Building Authority, although legally separate, functions for all practical purposes as a Department of the County, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 13-15 of this report.

Fund financial statements. The fund financial statements provide detailed information about the most significant funds- not the County as a whole. Some funds are required to be established by State law and by bond covenants. However, the County establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The County's two primary kinds of funds-*governmental and proprietary*- use different accounting approaches.

Governmental Funds. Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides.

Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Jackson County maintains 33 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Health Department, the Revenue Sharing Reserve Fund, Building Authority Debt Service Fund, and the Maintenance of Effort Fund each of which are considered to be major funds. Data from the other 28 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16-26 of this report.

Proprietary funds. Jackson County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Jackson County uses seven enterprise funds to account for its business-type activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Jackson County's various functions. Jackson County uses internal service funds to account for its self-funded managed care, workers' compensation insurances, land use planning, geographic information system and city/county telephone system. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Resource Recovery Facility, Medical Care Facility and the Delinquent Tax Revolving Fund, which are considered major funds of Jackson County. Data from the other four enterprise funds are combined into a single aggregated presentation. Detailed financial information for each of the nonmajor enterprise funds is provided in the form of *combining statements* elsewhere in this report. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 27-29 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Jackson County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statements can be found on pages 30-31 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-74 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Jackson County's progress in funding its obligation to provide pension benefits to its employees

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 78-161 of this report.

County-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following schedule is a summary presentation of Jackson County's assets, liabilities, and net assets at December 31, 2007. The schedule shows the County's assets exceeded liabilities by \$79.1 million.

Jackson County's Net Assets

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$47,652,287	\$49,572,037	\$26,213,660	\$25,099,802	\$73,865,947	\$74,671,839
Capital assets	27,987,254	27,806,214	32,551,810	33,506,001	60,539,064	61,312,215
Total assets	<u>75,639,541</u>	<u>77,378,251</u>	<u>58,765,470</u>	<u>58,605,803</u>	<u>134,405,011</u>	<u>135,984,054</u>
Long-term liabilities outstanding	19,653,338	20,256,473	21,317,505	23,762,219	40,970,843	44,018,692
Other liabilities	8,171,397	8,123,883	6,142,294	6,412,906	14,313,691	14,536,789
Total liabilities	<u>27,824,735</u>	<u>28,380,356</u>	<u>27,459,799</u>	<u>30,175,125</u>	<u>55,284,534</u>	<u>58,555,481</u>
Net assets:						
Invested in capital assets, net of related debt	16,662,254	16,131,214	9,254,305	8,506,892	25,916,559	24,638,106
Restricted	1,999,818	2,248,154	-	-	1,999,818	2,248,154
Unrestricted	<u>29,152,734</u>	<u>30,618,527</u>	<u>22,051,366</u>	<u>19,923,786</u>	<u>51,204,100</u>	<u>50,542,313</u>
Total net assets	<u>\$47,814,806</u>	<u>\$48,997,895</u>	<u>\$31,305,671</u>	<u>\$28,430,678</u>	<u>\$79,120,477</u>	<u>\$77,428,573</u>

Jackson County has a net investment of \$25.9 million in capital assets. This represents 32 percent of total net assets. Our investment in capital assets (e.g., land, buildings, machinery, and equipment) is shown less any related debt used to acquire those assets that is still outstanding. Jackson County uses these capital assets to provide service to citizens; consequently, these assets are **not** available for future spending. Although Jackson County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Jackson County's net assets \$1.9 million (2 percent) represents resources that are subject to external restrictions on how they may be used. Jackson County's *unrestricted net assets*, \$51.2 million are the largest portion (66 percent) of total net assets. These assets may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Jackson County is able to report positive balances in all three net asset categories (invested in capital assets-net of related debt, restricted and unrestricted) both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

Jackson County's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Revenue:						
Program revenue:						
Charges for services	\$ 9,156,733	\$ 9,208,333	\$ 30,063,817	\$ 29,232,470	\$ 39,220,550	\$ 38,440,803
Operating grants and contributions	20,002,956	19,605,978	427,996	945,108	20,430,952	20,551,086
General revenues:						
Property taxes	26,632,998	30,548,572	-	-	26,632,998	30,548,572
Other	2,892,825	2,646,218	-	-	2,892,825	2,646,218
Total revenue	58,685,512	62,009,101	30,491,813	30,177,578	89,177,325	92,186,679
Expenses						
Legislative	240,045	204,724	-	-	240,045	204,724
Judicial	11,741,690	11,097,366	-	-	11,741,690	11,097,366
Elections	130,180	180,696	-	-	130,180	180,696
General government	11,665,390	10,018,348	-	-	11,665,390	10,018,348
Public safety	16,944,208	16,090,197	-	-	16,944,208	16,090,197
Health & Welfare	9,878,983	9,687,103	-	-	9,878,983	9,687,103
Recreation and Culture	1,732,731	1,666,183	-	-	1,732,731	1,666,183
Community Development	8,253,892	8,225,733	-	-	8,253,892	8,225,733
Debt service-interest	856,277	570,535	-	-	856,277	570,535
Delinquent tax revolving	-	-	543,975	582,566	543,975	582,566
Foreclosure tax	-	-	233,853	382,099	233,853	382,099
Medical Care Facility	-	-	15,375,425	14,950,198	15,375,425	14,950,198
Fair	-	-	1,127,027	1,175,428	1,127,027	1,175,428
Resource Recovery	-	-	8,602,557	7,682,790	8,602,557	7,682,790
Soil erosion	-	-	98,247	108,442	98,247	108,442
Public works	-	-	70,351	59,534	70,351	59,534
Total expenses	61,443,396	57,740,885	26,051,435	24,941,057	87,494,831	82,681,942
Increase (decrease) in net assets before transfers	(2,757,884)	4,268,216	4,440,378	5,236,521	1,682,494	9,504,737
Transfers	1,574,795	592,990	(1,565,385)	(663,226)	9,410	(70,236)
Increase (decrease) in net assets	(1,183,089)	4,861,206	2,874,993	4,573,295	1,691,904	9,434,501
Net assets - beginning of year	48,997,895	44,136,689	28,430,678	24,436,675	77,428,573	68,573,364
Adjustments	-	-	-	(579,292)	-	(579,292)
Net assets - end of year	\$ 47,814,806	\$ 48,997,895	\$ 31,305,671	\$ 28,430,678	\$ 79,120,477	\$ 77,428,573

Governmental activities. Jackson County's expenses exceeded revenue by approximately \$2.8 million which combined with the transfers in from business activities of \$1.6 million resulted in a decrease in net assets of \$1.2 million for 2007. Key elements of this change are as follows:

- Property taxes decreased by approximately \$3.9 million (13 percent) during the year. This decrease is attributed to the final levy of Revenue Sharing Reserve Fund in the amount of \$6 million, which ended in 2006 and an increase in 2007 general property tax revenue of \$2.1 million.

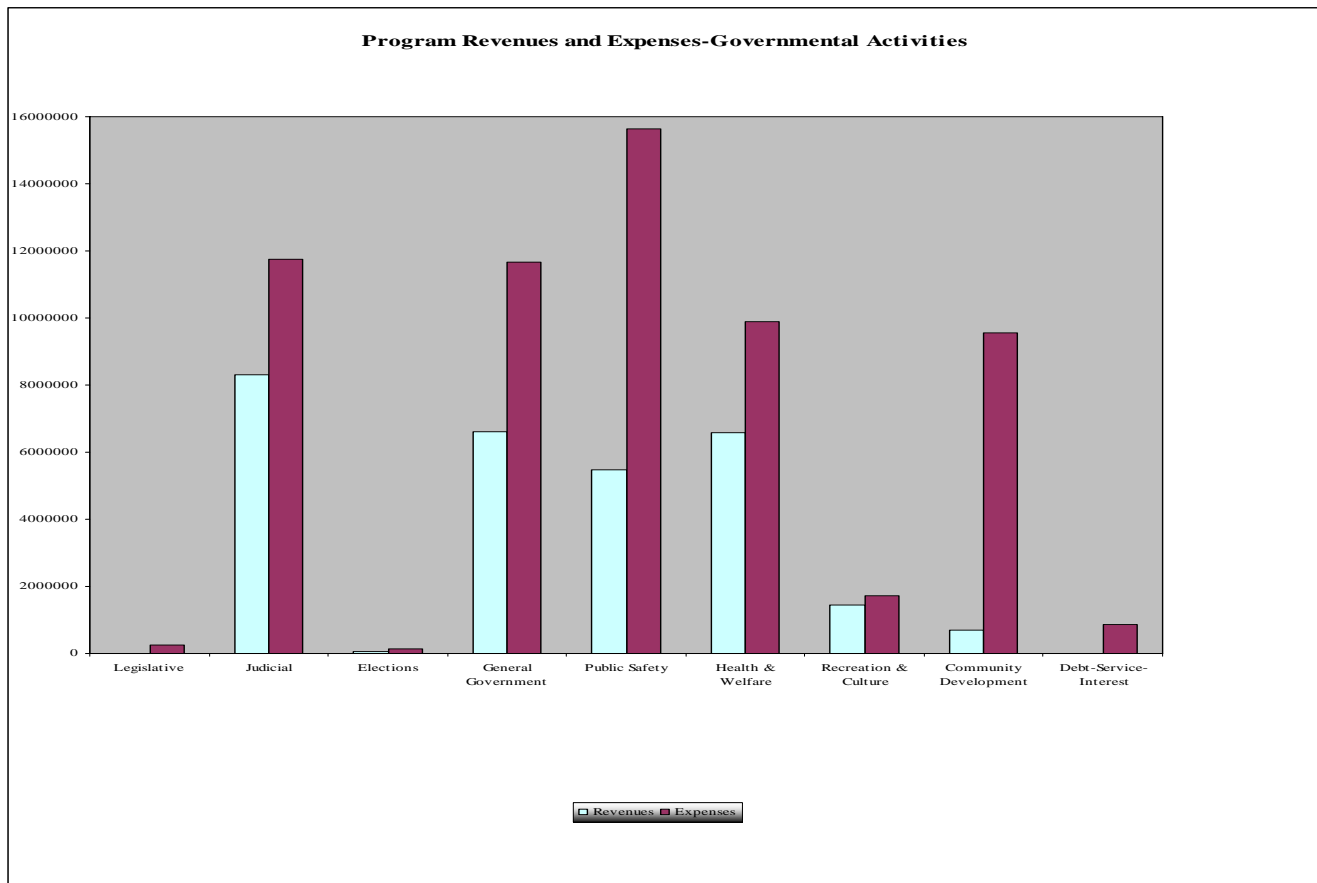
- Operating grants and contributions increase is primarily due to an increase in Friend of the Court Incentive payments of \$200,000, and an increase in Medicaid reimbursement of nearly \$400,000 as a result of State of Michigan audit settlement with Federal government.
- The other revenue category increased by \$246,607 which is almost entirely attributed to investment interest earnings.

Overall, total expenses for governmental activities increased by \$3.7 million from 2006. Even though full time equivalents decreased from 2006 to 2007, an average increase of 3% in wages and an average increase of 12% in fringe benefits accounted for a significant portion of total expenses. Additionally, the county as whole increased spending on maintenance of buildings and equipment for the year by nearly \$500,000.

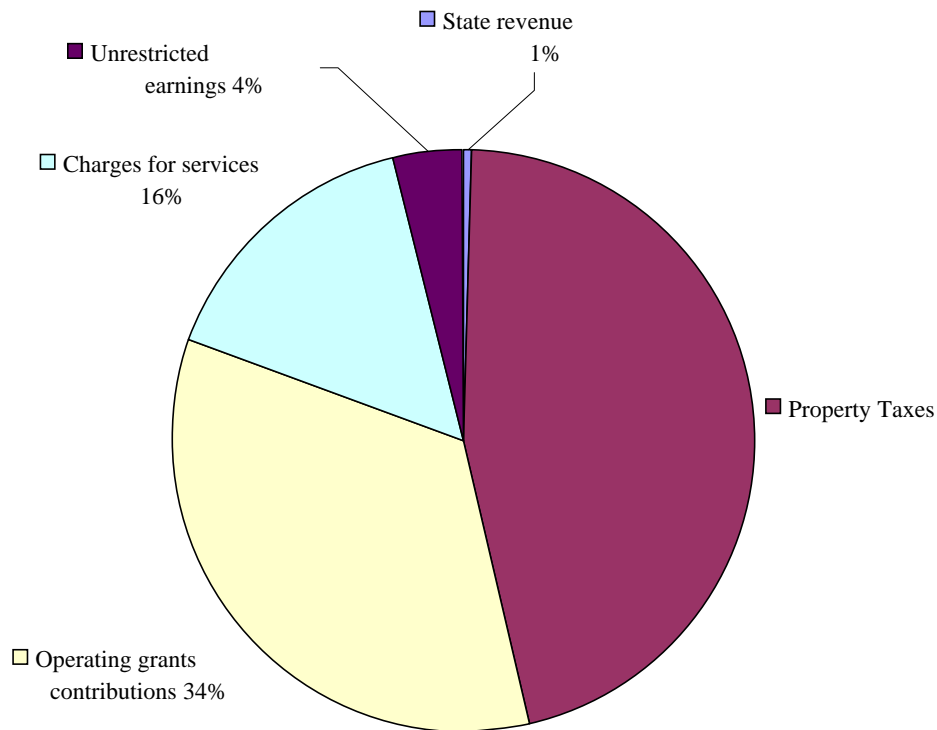
Business-type activities of Jackson County increased the net assets by \$2.9 million. Key elements of the current year increase are as follows:

- All the major business activities continued to show increases in net assets before transfers. The net increases reported for Delinquent Tax-\$543,000, Resource Recovery (waste disposal)-\$2,701,531, and Medical Care Facility-\$1,139,000. Service revenue for delinquent tax activity decreased by \$200,000 compared to prior year and service revenue for Resource Recovery and Medical Care Facility increased by \$400,000 and \$300,000 respectively from the prior year.
- Business-type expenses increased by over \$1.1 million from the prior year which was mostly attributed to wage and fringe benefit increases of \$700,000 and an increase in maintenance of equipment costs by nearly \$400,000.

Transfers- net transfers of \$1,565,385 from business-type activities to governmental activities were almost entirely generated from the Delinquent Tax Revolving fund.



Revenues by Source-Governmental Activities



Financial Analysis of the Government's Funds

As noted earlier Jackson County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Jackson County's *governmental funds* is to provide information on near-term inflows, and balances of spendable resources. Such information is useful in assessing Jackson County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, Jackson County's governmental funds reported combined ending fund balances of \$31.9 million, a decrease of \$1.0 million in comparison with the prior year. Most of this total amount (more than \$30.9 million) constitutes *unreserved fund balance*, which is available for spending for specific purposes and government discretion. The remainder of fund balance is *reserved* to indicate that is not available for new spending because it has already been committed 1) for prepaid items & inventory (\$192,830), and 2) loaned to other funds or component units (\$827,500).

The general fund is the chief operating fund of Jackson County. At the end of the fiscal year, the unreserved fund balance of the general fund was \$8.3 million, while total fund balance approached \$9.2 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 18.7 percent of total general fund expenditures and transfers, while total fund balance represents 20.6 percent of that same amount.

The fund balance of the County's general fund increased by \$2,229,494 during the fiscal year. This is primarily attributed to increases in growth of property taxes, transfers in from other funds, and interest income. Wages and fringe benefits accounted for most of the increases in general fund expenditures.

The health department's fund balance increase of \$253,579 was attributed to settlement of a questioned costs audit for Medicaid Cost Reimbursement the Federal government had against the State of Michigan. The settlement amount totaled nearly \$400,000. Health fund operating expenditures in total were about the same comparing 2006 to 2007. Capital outlay costs were \$131,000 in 2007.

The revenue sharing reserve fund had a total fund balance of \$7,891,815 a decrease of \$3.2 million during 2007. This fund is mandated by the State of Michigan and accounts for accelerated property tax collections to serve as a substitute for state revenue sharing payments. Three annual payments, each equal to 1/3 of the annual property tax levy (2004) were transferred in accordance with state statute. Beginning in late 2004 and continuing until the fund balance is exhausted, the County will be able to draw monies from this fund equal to fiscal 2004 state revenue sharing payments adjusted for inflation. This fund will decline by approximately \$3,000,000 per year and is expected to be exhausted by 2010.

The Building Authority Debt Service had a fund balance of \$139,381 at the end of the year. This fund accounts for the debt payments of projects constructed thru Jackson County Building Authority. In 2006, the Building Authority issued bonds for a local health care organization in the amount of \$7,045,000 which was recorded as a receivable with a corresponding entry for deferred revenue. This is the reason this fund became a "major" fund. The county invoices LifeWays (a mental health agency) annually for principal and interest payments paid by Jackson County.

The Medical Care Facility Maintenance of Effort Fund ("MOE Fund") is a new major fund for 2007. The purpose of this fund is to make payments to the State of Michigan for county residents being treated in the Medical Care Facility, a long term health care facility owned and operated by Jackson County. Revenue for the MOE fund is generated by a county wide millage. The State of Michigan, Department of Community Health, will invoice the county based on a formula of operational costs and Medicaid reimbursement of the medical Care Facility. Net assets increased by \$433,000 resulting in a fund balance of \$5.1 million.

Proprietary funds. Jackson County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the delinquent tax, resource recovery, and medical care facility funds were \$15,974,432, \$2,458,651, and \$3,042,527 respectively. The above funds had increases in net assets of \$119,457, \$2,337,831, and \$483,901 respectively.

Internal service funds ended the year with net assets of \$1,570,637, a decrease of \$45,310 from the prior year.

General Fund Budgetary Highlights

General Fund revenue (including transfers in) increased by \$722,500 from the original to the final budget. This was primarily attributed to an increase in investment earnings of \$800,000 due to a favorable interest rate environment and a decrease in property tax revenue of \$225,000 as a result of increased property tax recapture programs countywide.

There was a corresponding \$1.0 million increase between the original and final amended expenditure budget (including transfers out). The judicial, general government and public safety budgets were amended upward by \$90,000, \$250,000, and \$280,000 respectively. The original budgets were prepared using 2006 wage and fringe benefit rates because a new compensation plan had not been approved by the Board of Commissioners at the time of budget preparation. The original budget did include a contingency (transfer from fund balance) for the wage and fringe benefit increases.

The "other functions" budget was amended upward by \$260,000, primarily attributed to an increase in termination costs of \$100,000 and a tax tribunal award for prior year personal property taxes of \$130,000. Additionally, transfer outs original budget was increased by \$210,000. This increase was mostly attributed to an increase to a \$120,000 increase transfer to the Youth Home Fund as a result of a new financing arrangement for services consummated with the local Intermediate School District, and a \$50,000 increase transfer to the Airport Fund for a study involving the sale of property.

Overall, during the year, the final budget for revenue including transfers-in exceeded actual general fund revenues and transfers by \$531. Actual general fund expenditures, including other financing uses were \$737,216 less than the final budget. Actual revenues were higher than actual expenditures. This resulted in an increase in the actual fund balance of \$2,229,494 which was more than the final amended budget increase of \$1,492,809.

Capital Assets and Debt Administration

Capital assets. Jackson County's investment in capital assets for its governmental and business-type activities as of December 31, 2007, amounts to \$60.5 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, vehicles and equipment.

Major capital asset events during the fiscal year included the following:

- Began construction of the Falling Water Trail - a 10.5 mile linear non-motorized trail
- Purchase of property for a new Animal Shelter
- Decrease in county vehicles

JACKSON COUNTY'S Capital Assets (Net of depreciation)

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$1,258,548	\$1,258,548	\$469,572	\$469,572	\$1,728,120	\$1,728,120
Construction in progress	1,956,877	52,689	-	-	1,956,877	\$52,689
Buildings	21,628,462	22,848,013	25,410,170	26,050,902	47,038,632	48,898,915
Equipment and vehicles	<u>3,143,367</u>	<u>3,646,964</u>	<u>6,672,069</u>	<u>6,985,527</u>	<u>9,815,436</u>	<u>10,632,491</u>
	<u>\$27,987,254</u>	<u>\$27,806,214</u>	<u>\$32,551,811</u>	<u>\$33,506,001</u>	<u>\$60,539,065</u>	<u>\$61,312,215</u>

Additional information on the Jackson County's capital assets can be found in note III-C on pages 50-52 of this report.

Long-term debt. At the end of the 2007 fiscal year, Jackson County had net outstanding debt of \$38.6 million. This entire amount comprises debt backed by the full faith and credit of Jackson County and payable from the primary government's net assets.

Jackson County's gross outstanding debt decreased by \$4.9 million during the fiscal year.

Jackson County maintains an "A1" rating by Moody's and an "A+" rating by Standard & Poor's for our general obligation debt. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). The current debt limitation for Jackson County is \$ 522.4 million, which is significantly in excess of Jackson County's outstanding general obligation debt.

Additional information on the Jackson County's long-term debt can be found in note III-G on pages 56-65 of this report.

JACKSON COUNTY'S Outstanding Debt

	2007			2006		
	Gross Debt Outstanding	Paid by Benefited Entity	Net Amount Outstanding	Gross Debt Outstanding	Paid by Benefited Entity	Net Amount Outstanding
Building Authority	\$33,805,000	\$6,845,000	\$26,960,000	\$34,815,000	\$7,045,000	\$27,770,000
Water & Sewer	37,945,000	37,945,000	-	40,240,000	40,240,000	\$0
Solid Waste General Obligation	5,200,000	-	5,200,000	6,255,000	\$0	6,255,000
Solid Waste Revenue	4,045,000	-	4,045,000	4,570,000	\$0	4,570,000
Compensated Absences	<u>1,458,338</u>	<u>-</u>	<u>1,458,338</u>	<u>1,471,473</u>	<u>\$0</u>	<u>1,471,473</u>
	<u>\$82,453,338</u>	<u>\$44,790,000</u>	<u>\$37,663,338</u>	<u>\$87,351,473</u>	<u>\$47,285,000</u>	<u>\$40,066,473</u>

Economic Factors and Next Year's Budgets

The following factors were considered in preparing the County's annual budget for the 2008 fiscal year:

- The economic downturn from previous years continues to hamper the County's finances. Taxable property values grew at a 1.8% rate, the smallest year to year increase since 2000.
- Unemployment in Jackson County at the end of 2007 stood at 7.56%, which is up from 2006 at 7.16%. This rate continued to be above the State and national averages.
- The County has initiated several cost savings plans that are effective for years beginning in 2007 and 2008. Changes such as increased co-pay for health insurance, and short term disability, elimination of spousal health insurance for retirees hired after 1/1/2007, and approval of a defined contribution plan for new hires effective 1/1/2008, will have significant long term savings.
- The planned reduction of full time staffing started in 2004 continues for 2008. Projected FTE are expected to decrease by 10-18 thru the end of 2008. This reduction has been accomplished via retirements & terminations.
- The State of Michigan has been dealing with projected budgetary shortfalls for the past three years and is projected to continue into the future, at least until 2010. The State has passed legislation that provides a funding mechanism to serve as a substitute for state revenue sharing payments. Annually, the County may make use of amounts equal to 2003/04 state revenue sharing payments adjusted for inflation. For Jackson County, this mechanism will last until FY2010. During the next three years, the County intends to implement budgets in anticipation of the elimination of revenue sharing.
- The County has budgeted to increase the General Fund balance by \$1,500,000 and increase the Budget Stabilization Fund by \$500,000 in preparation for the total elimination of revenue sharing discussed above.
- Negotiated contracts and planned wage increases of 1% are in place for 2008 and 2009.

Requests for Information

The financial report is designed to provide a general overview of the Jackson County's finances for all those with an interest in the government's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the office of the County Administrator/Controller, 120 West Michigan Avenue, Jackson, Michigan 49201.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

COUNTY OF JACKSON, MICHIGAN
Statement of Net Assets
DECEMBER 31, 2007

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
Assets				
Cash and cash equivalents	\$ 31,461,967	\$ 12,519,991	\$ 43,981,958	\$ 5,261,689
Receivables, net	15,652,644	11,189,033	26,841,677	42,146,150
Prepaid items and other assets	537,676	2,504,636	3,042,312	1,977,986
Capital assets not being depreciated	3,215,425	469,572	3,684,997	16,587,452
Capital assets being depreciated, net	24,771,829	32,082,238	56,854,067	58,187,381
Total assets	75,639,541	58,765,470	134,405,011	124,160,658
Liabilities				
Accounts payable and accrued expenses	3,056,108	3,107,315	6,163,423	2,139,397
Unearned revenue	3,673,593	544,713	4,218,306	-
Net other postemployment benefit liability	741,696	189,980	931,676	-
Long-term liabilities:				
Due within one year	2,158,338	2,300,286	4,458,624	2,789,162
Due in more than one year	18,195,000	21,317,505	39,512,505	35,404,712
Total liabilities	27,824,735	27,459,799	55,284,534	40,333,271
Net assets				
Invested in capital assets, net of related debt	16,662,254	9,254,305	25,916,559	74,485,347
Restricted for:				
Debt service	139,381	-	139,381	-
Capital projects	1,710,492	-	1,710,492	-
Endowments - nonexpendable	149,945	-	149,945	-
Unrestricted	29,152,734	22,051,366	51,204,100	9,342,040
Total net assets	\$ 47,814,806	\$ 31,305,671	\$ 79,120,477	\$ 83,827,387

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Activities
FOR THE YEAR ENDED DECEMBER 31, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 240,045	\$ -	\$ -	\$ -	\$ (240,045)
Judicial	11,741,690	3,553,002	4,763,903	-	(3,424,785)
Elections	130,180	-	57,515	-	(72,665)
General government	11,665,390	2,366,616	4,250,286	-	(5,048,488)
Public safety	16,944,208	1,225,488	4,241,205	-	(11,477,515)
Health and welfare	9,878,983	803,243	5,768,181	-	(3,307,559)
Recreation and cultural	1,732,731	870,466	561,855	-	(300,410)
Community development	8,253,892	337,918	360,011	-	(7,555,963)
Interest on long-term debt	856,277	-	-	-	(856,277)
Total governmental activities	61,443,396	9,156,733	20,002,956	-	(32,283,707)
Business-type activities:					
Delinquent tax collections/forfeitures	543,975	2,115,532	96,039	-	1,667,596
Foreclosure tax	233,853	229,487	-	-	(4,366)
Medical Care Facility	15,375,425	15,754,525	104,801	-	483,901
Fair	1,127,027	905,402	78,171	-	(143,454)
Resource recovery	8,602,557	10,825,070	115,318	-	2,337,831
Soil erosion	98,247	78,915	308	-	(19,024)
Public works projects	70,351	154,886	33,359	-	117,894
Total business-type activities	26,051,435	30,063,817	427,996	-	4,440,378
Total primary government	\$ 87,494,831	\$ 39,220,550	\$ 20,430,952	\$ -	(27,843,329)
Component units					
County roads	\$ 16,744,530	\$ 2,731,536	\$ 14,822,149	\$ -	\$ 809,155
Economic development	46,115	-	42,506	-	(3,609)
Land bank	8,714	30,000	-	-	21,286
County drains	2,085,418	-	-	1,099,856	(985,562)
Brownfield redevelopment	58,413	-	63,197	-	4,784
County board of public works	1,752,790	-	-	1,388,311	(364,479)
Total component units	\$ 20,695,980	\$ 2,761,536	\$ 14,927,852	\$ 2,488,167	\$ (518,425)

continued...

COUNTY OF JACKSON, MICHIGAN
Statement of Activities (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2007

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (32,283,707)	\$ 4,440,378	\$ (27,843,329)	\$ (518,425)
General revenues:				
Property taxes	26,632,998	-	26,632,998	-
State shared revenue -unrestricted	686,772	-	686,772	-
Unrestricted investment earnings	2,206,053	-	2,206,053	266,236
Transfers - internal activities	1,574,795	(1,565,385)	9,410	-
Total general revenues and transfers	31,100,618	(1,565,385)	29,535,233	266,236
Change in net assets	(1,183,089)	2,874,993	1,691,904	(252,189)
Net assets, beginning of year, as restated	48,997,895	28,430,678	77,428,573	84,079,576
Net assets, end of year	\$ 47,814,806	\$ 31,305,671	\$ 79,120,477	\$ 83,827,387

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

COUNTY OF JACKSON, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

<u>ASSETS</u>	<u>General</u>	<u>Special Revenue</u>			<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
		<u>Health Department</u>	<u>Revenue Sharing Reserve</u>	<u>MCF Maintenance of Effort</u>	<u>Building Authority</u>		
ASSETS							
Pooled cash and cash equivalents	\$ 5,758,259	\$ 1,909,590	\$ 7,891,815	\$ 5,315,500	\$ 139,381	\$ 8,190,465	\$ 29,205,010
Cash and cash equivalents	23,950	1,750	-	-	-	55,958	81,658
Receivables:							
Accounts	678,265	173,037	-	-	-	17,571	868,873
Taxes	1,942,574	-	-	563,526	-	2,955,960	5,462,060
Accrued interest	550,470	-	-	-	-	-	550,470
Due from other governmental units	357,601	-	-	-	7,570,000	516,140	8,443,741
Advances to component units	327,500	-	-	-	-	-	327,500
Advances to other funds	500,000	-	-	-	-	-	500,000
Inventory	-	-	-	-	-	138,387	138,387
Prepaid items	54,443	-	-	-	-	-	54,443
<u>TOTAL ASSETS</u>	<u>\$ 10,193,062</u>	<u>\$ 2,084,377</u>	<u>\$ 7,891,815</u>	<u>\$ 5,879,026</u>	<u>\$ 7,709,381</u>	<u>\$ 11,874,481</u>	<u>\$ 45,632,142</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

<u>LIABILITIES AND FUND BALANCES</u>	<u>Special Revenue</u>				<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
	<u>General</u>	<u>Health Department</u>	<u>Revenue Sharing Reserve</u>	<u>MCF Maintenance of Effort</u>	<u>Building Authority</u>		
LIABILITIES							
Accounts payable	\$ 607,709	\$ 30,451	\$ -	\$ 190,081	\$ -	\$ 406,009	\$ 1,234,250
Accrued payroll	369,426	85,910	-	-	-	129,466	584,802
Due to other governmental units	-	-	-	-	-	118,492	118,492
Advances from other funds	-	-	-	-	-	500,000	500,000
Deferred revenue	-	6,250	-	587,000	7,570,000	3,080,343	11,243,593
Total liabilities	977,135	122,611	-	777,081	7,570,000	4,234,310	13,681,137
FUND BALANCES							
Reserved							
Inventory and prepaid items	54,443	-	-	-	-	138,387	192,830
Advances	827,500	-	-	-	-	-	827,500
Unreserved:							
Designated for future expenditures	-	147,404	3,161,116	192,000	-	-	3,500,520
Designated for future expenditures, reported in nonmajor -							
Special revenue funds	-	-	-	-	-	996,322	996,322
Undesignated	8,333,984	1,814,362	4,730,699	4,909,945	139,381	-	19,928,371
Undesignated, reported in nonmajor:							
Special revenue funds	-	-	-	-	-	4,645,025	4,645,025
Capital projects funds	-	-	-	-	-	1,710,492	1,710,492
Permanent funds	-	-	-	-	-	149,945	149,945
Total fund balances	9,215,927	1,961,766	7,891,815	5,101,945	139,381	7,640,171	31,951,005
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 10,193,062</u>	<u>\$ 2,084,377</u>	<u>\$ 7,891,815</u>	<u>\$ 5,879,026</u>	<u>\$ 7,709,381</u>	<u>\$ 11,874,481</u>	<u>\$ 45,632,142</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets
of Governmental Activities on the Statement of Net Assets
DECEMBER 31, 2007

Fund balances - total governmental funds	\$31,951,005
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.

Add -capital assets	50,459,870
Subtract - accumulated depreciation	(22,472,616)

Other long-term assets are not available to pay for current-period expenditures and therefore not included in the funds.

Add - long term receivable included in deferred revenues	7,570,000
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.

Add - net assets of governmental activities accounted for in internal service funds	1,570,637
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Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Subtract - bonds payable	(18,895,000)
Subtract - compensated absences	(1,458,338)
Subtract - other postemployment benefit obligation	(741,696)
Subtract - accrued interest on long-term liabilities	(169,056)

Net assets of governmental activities	<u>\$47,814,806</u>
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The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
FOR THE YEAR ENDED DECEMBER 31, 2007

		Special Revenue			Debt Service		
		Revenue	MCF			Other	
	General	Health Department	Sharing Reserve	Maintenance of Effort	Building Authority	Governmental Funds	Total
REVENUE							
Taxes	\$23,036,819	\$ -	\$ -	\$ 571,437	\$ -	\$ 3,024,742	\$ 26,632,998
Licenses and permits	119,539	365,485	-	-	-	12,863	497,887
Intergovernmental	6,153,948	2,037,469	-	-	-	5,957,609	14,149,026
Contributions	-	-	-	-	1,552,157	-	1,552,157
Charges for services	6,218,903	370,677	-	-	-	1,416,789	8,006,369
Fines and forfeits	941,868	-	-	-	-	269,415	1,211,283
Interest and rents	2,255,763	-	-	51,942	5,382	535,354	2,848,441
Donations	-	-	-	-	-	249,512	249,512
Other revenue	1,329,233	601,669	-	-	-	1,581,113	3,512,015
Total revenue	40,056,073	3,375,300	-	623,379	1,557,539	13,047,397	58,659,688
EXPENDITURES							
Current:							
Legislative	222,134	-	-	-	-	-	222,134
Judicial	6,051,352	-	-	-	-	5,218,384	11,269,736
Elections	127,981	-	-	-	-	-	127,981
General government	10,062,268	-	-	-	-	119,177	10,181,445
Public safety	12,745,940	-	-	-	-	2,833,776	15,579,716
Health and welfare	3,232,085	3,762,663	-	190,081	-	2,262,085	9,446,914
Recreation and cultural	-	-	-	-	-	2,080,699	2,080,699
Community development	-	-	-	-	-	2,693,914	2,693,914
Other functions	5,674,330	-	-	-	1,085,400	10,296	6,770,026
Debt service:							
Principal	-	-	-	-	600,000	-	600,000
Interest	-	-	-	-	860,645	-	860,645
Capital outlay	-	131,040	-	-	-	1,428,436	1,559,476
Total expenditures	38,116,090	3,893,703	-	190,081	2,546,045	16,646,767	61,392,686
Revenue over (under) expenditures	1,939,983	(518,403)	-	433,298	(988,506)	(3,599,370)	(2,732,998)
OTHER FINANCING SOURCES (USES)							
Transfers in	6,599,333	771,982	-	-	987,848	7,293,122	15,652,285
Transfers (out)	(6,309,822)	-	(3,148,923)	-	-	(4,405,168)	(13,863,913)
Total other financing sources (uses)	289,511	771,982	(3,148,923)	-	987,848	2,887,954	1,788,372
Net change in fund balances	2,229,494	253,579	(3,148,923)	433,298	(658)	(711,416)	(944,626)
FUND BALANCES, Beginning of year	6,986,433	1,708,187	11,040,738	4,668,647	140,039	8,351,587	32,895,631
FUND BALANCES, End of year	\$ 9,215,927	\$ 1,961,766	\$ 7,891,815	\$ 5,101,945	\$ 139,381	\$ 7,640,171	\$ 31,951,005

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Reconciliation of the Statement of Revenue, Expenditures
and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
FOR THE YEAR ENDED DECEMBER 31, 2007

Net change in fund balances - total governmental funds	\$ (944,626)
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as

Add - capital outlay	2,633,806
Subtract - depreciation expense	(2,452,766)

Subtract net effect of principal recognized as revenue at the fund level for long-term receivable collection	(250,000)
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the

Add - principal payments on long-term liabilities	600,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Add - increase in accrued interest on bonds	4,368
Subtract - increase in other postemployment benenfit obligation	(741,696)
Add - decrease in the accrual of compensated absences	13,135

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of internal service funds is reported with governmental activities.

Add - interest revenue from governmental internal service funds	25,824
Add - net operating income from governmental activities accounted for in internal service funds	142,443
Subtract - internal activities (transfers) accounted for in internal service funds	(213,577)

Change in net assets of governmental activities	<u><u>\$ (1,183,089)</u></u>
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The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE				
Taxes	\$ 23,430,806	\$ 23,203,806	\$ 23,036,819	\$ (166,987)
Licenses and permits	126,975	126,975	119,539	(7,436)
Intergovernmental	6,207,052	6,289,897	6,153,948	(135,949)
Charges for services	6,475,543	6,303,438	6,218,903	(84,535)
Fines and forfeits	934,605	934,605	941,868	7,263
Interest and rentals	1,223,141	2,023,141	2,255,763	232,622
Other revenue	969,812	1,174,742	1,329,233	154,491
Total revenue	39,367,934	40,056,604	40,056,073	(531)
EXPENDITURES				
Current:				
Legislative	212,606	226,106	222,134	3,972
Judicial	6,082,531	6,171,231	6,051,352	119,879
Elections	140,315	147,715	127,981	19,734
General government	10,269,206	10,402,650	10,062,268	340,382
Public safety	12,635,137	12,911,198	12,745,940	165,258
Health and welfare	3,186,359	3,260,292	3,232,085	28,207
Other functions	5,472,653	5,734,072	5,674,330	59,742
Total expenditures	37,998,807	38,853,264	38,116,090	737,174
Revenue over (under) expenditures	1,369,127	1,203,340	1,939,983	736,643
OTHER FINANCING SOURCES (USES):				
Transfers in	6,565,498	6,599,333	6,599,333	-
Transfers (out)	(6,087,025)	(6,309,864)	(6,309,822)	42
Total other financing (uses)	478,473	289,469	289,511	42
Net change in fund balances	1,847,600	1,492,809	2,229,494	736,685
FUND BALANCE, Beginning of year	6,986,433	6,986,433	6,986,433	-
FUND BALANCE, End of year	\$ 8,834,033	\$ 8,479,242	\$ 9,215,927	\$ 736,685

The accompanying notes are an integral part of these financial statements.

**COUNTY OF JACKSON, MICHIGAN
HEALTH DEPARTMENT FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE				
Licenses and permits	\$ 421,461	\$ 421,461	\$ 365,485	\$ (55,976)
Intergovernmental	2,079,321	2,057,189	2,037,469	(19,720)
Charges for services	480,249	430,249	370,677	(59,572)
Reimbursements and miscellaneous	355,789	587,798	601,669	13,871
Total revenue	3,336,820	3,496,697	3,375,300	(121,397)
EXPENDITURES				
Health and welfare (see detail in Combining and Individual Fund Financial Statements and Schedules)	4,058,850	4,111,119	3,762,663	348,456
Capital outlay	137,733	147,733	131,040	16,693
Total expenditures	4,196,583	4,258,852	3,893,703	365,149
Revenue over (under) expenditures	(859,763)	(762,155)	(518,403)	243,752
OTHER FINANCING SOURCES				
Transfer in	760,630	760,630	771,982	11,352
Net change in fund balances	(99,133)	(1,525)	253,579	255,104
FUND BALANCE, Beginning of year	1,708,187	1,708,187	1,708,187	-
FUND BALANCE, End of year	\$1,609,054	\$ 1,706,662	\$ 1,961,766	\$ 255,104

The accompanying notes are an integral part of these financial statements.

**COUNTY OF JACKSON, MICHIGAN
REVENUE SHARING RESERVE FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE				
Property tax revenue	\$ 6,053,527	\$ 6,053,527	\$ -	\$ (6,053,527)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(3,148,923)	(3,148,923)	(3,148,923)	-
Net change in fund balances	2,904,604	2,904,604	(3,148,923)	(6,053,527)
FUND BALANCE, Beginning of year	11,040,738	11,040,738	11,040,738	-
FUND BALANCE, End of year	\$ 13,945,342	\$ 13,945,342	\$ 7,891,815	\$ (6,053,527)

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
MEDICAL CARE FACILITY MAINTENANCE OF EFFORT FUND
STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE				
Property taxes	\$ 570,000	\$ 570,000	\$ 571,437	\$ 1,437
Interest and rentals	-	-	51,942	51,942
Total revenue	570,000	570,000	623,379	53,379
EXPENDITURES				
Health and welfare	220,000	220,000	190,081	29,919
Net change in fund balances	350,000	350,000	433,298	83,298
FUND BALANCE, Beginning of year	4,668,647	4,668,647	4,668,647	-
FUND BALANCE, End of year	\$ 5,018,647	\$ 5,018,647	\$ 5,101,945	\$ 83,298

COUNTY OF JACKSON, MICHIGAN
Statement of Net Assets
Proprietary Funds
DECEMBER 31, 2007

	Enterprise Funds					
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	Internal Service Funds
Assets						
Current assets:						
Pooled cash and cash equivalents	\$ 7,019,680	\$ 514,007	\$1,324,156	\$ 858,979	\$ 9,716,822	\$ 2,175,299
Cash and cash equivalents	900	200	142,954	1,024	145,078	-
Receivables:						
Accounts	1,085,000	1,159,095	2,650,540	24,093	4,918,728	-
Taxes	4,924,999	-	-	-	4,924,999	-
Accrued interest	1,095,306	-	-	-	1,095,306	-
Due from other funds	1,877,107	-	-	-	1,877,107	-
Advances to component units	-	-	-	250,000	250,000	-
Inventory	-	1,649,080	-	-	1,649,080	-
Prepaid items	-	279,681	-	-	279,681	344,846
Total current assets	<u>16,002,992</u>	<u>3,602,063</u>	<u>4,117,650</u>	<u>1,134,096</u>	<u>24,856,801</u>	<u>2,520,145</u>
Noncurrent assets						
Deferred expenses	-	450,704	125,171	-	575,875	-
Restricted assets -						
Cash and cash equivalents	-	1,985,222	672,869	-	2,658,091	-
Capital assets, net	50,298	14,797,890	16,566,813	1,136,809	32,551,810	-
Total noncurrent assets	<u>50,298</u>	<u>17,233,816</u>	<u>17,364,853</u>	<u>1,136,809</u>	<u>35,785,776</u>	<u>-</u>
Total assets	<u>16,053,290</u>	<u>20,835,879</u>	<u>21,482,503</u>	<u>2,270,905</u>	<u>60,642,577</u>	<u>2,520,145</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Net Assets
Proprietary Funds
DECEMBER 31, 2007

	Enterprise Funds					
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	Internal Service Funds
Liabilities						
Current liabilities						
Accounts payable	\$ 8,619	\$ 329,925	\$ 323,230	\$ 17,787	\$ 679,561	\$ 4,075
Estimated claims payable	-	-	-	-	-	945,433
Accrued payroll	4,324	434	245,493	4,275	254,526	-
Performance bonds	-	-	-	34,200	34,200	-
Accrued compensated absences	15,617	-	299,030	5,639	320,286	-
Accrued interest payable	-	68,772	110,764	-	179,536	-
Due to other governmental units	-	-	-	8,383	8,383	-
Due to other funds	-	1,405,707	-	471,400	1,877,107	-
Unearned revenue	-	4,500	-	16,656	21,156	-
Deferred capital lease	-	-	523,557	-	523,557	-
Other liabilities	-	-	181,109	-	181,109	-
Current portion of long-term debt	-	1,570,000	410,000	-	1,980,000	-
Estimated closure and post closure monitoring costs - current	-	205,000	-	-	205,000	-
Total current liabilities	<u>28,560</u>	<u>3,584,338</u>	<u>2,093,183</u>	<u>558,340</u>	<u>6,264,421</u>	<u>949,508</u>
Non-current liabilities:						
Net other postemployment benefit liability	-	-	189,980	-	189,980	-
Estimated closure and post closure monitoring costs	-	1,565,000	-	-	1,565,000	-
General obligation bonds payable	-	7,675,000	13,642,505	-	21,317,505	-
Total non-current liabilities	<u>-</u>	<u>9,240,000</u>	<u>13,832,485</u>	<u>-</u>	<u>23,072,485</u>	<u>-</u>
Total liabilities	<u>28,560</u>	<u>12,824,338</u>	<u>15,925,668</u>	<u>558,340</u>	<u>29,336,906</u>	<u>949,508</u>
Net assets						
Investment in capital assets, net of related debt	50,298	5,552,890	2,514,308	1,136,809	9,254,305	-
Unrestricted	<u>15,974,432</u>	<u>2,458,651</u>	<u>3,042,527</u>	<u>575,756</u>	<u>22,051,366</u>	<u>1,570,637</u>
Total net assets	<u>\$ 16,024,730</u>	<u>\$ 8,011,541</u>	<u>\$ 5,556,835</u>	<u>\$ 1,712,565</u>	<u>\$ 31,305,671</u>	<u>\$ 1,570,637</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Revenue, Expenses and
Changes in Fund Net Assets
Proprietary Funds
FOR THE YEAR ENDED DECEMBER 31, 2007

	Enterprise Funds					
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUE						
Charges for services - interest on taxes	\$ 430,701	\$ -	\$ -	\$ 154,886	\$ 585,587	\$ -
Charges for services	1,684,831	10,845,446	15,754,525	1,213,804	29,498,606	10,481,203
Other revenue	-	-	88,029	97,321	185,350	-
Total operating revenue	2,115,532	10,845,446	15,842,554	1,466,011	30,269,543	10,481,203
OPERATING EXPENSES						
Personnel services	335,343	29,595	7,676,632	400,240	8,441,810	-
Cost of services	86,470	5,639,041	6,460,737	767,314	12,953,562	9,949,780
Depreciation	19,421	1,071,316	565,232	82,883	1,738,852	-
Administration and other	102,741	1,403,963	-	264,406	1,771,110	388,980
Total operating expenses	543,975	8,143,915	14,702,601	1,514,843	24,905,334	10,338,760
Operating income (loss)	1,571,557	2,701,531	1,139,953	(48,832)	5,364,209	142,443
NON-OPERATING REVENUE (EXPENSES)						
Interest income	96,039	94,942	16,772	14,517	222,270	25,824
Interest expense	-	(458,642)	(672,824)	(14,635)	(1,146,101)	-
Total non-operating revenue (expenses)	96,039	(363,700)	(656,052)	(118)	(923,831)	25,824
Net income (loss) before transfers	1,667,596	2,337,831	483,901	(48,950)	4,440,378	168,267
TRANSFERS IN (OUT)						
Transfers in	70,066	-	-	32,754	102,820	-
Transfers (out)	(1,618,205)	-	-	(50,000)	(1,668,205)	(213,577)
Total transfers in (out)	(1,548,139)	-	-	(17,246)	(1,565,385)	(213,577)
Change in net assets	119,457	2,337,831	483,901	(66,196)	2,874,993	(45,310)
NET ASSETS, Beginning of year, as restated	15,905,273	5,673,710	5,072,934	1,778,761	28,430,678	1,615,947
NET ASSETS, End of year	\$ 16,024,730	\$ 8,011,541	\$ 5,556,835	\$ 1,712,565	\$ 31,305,671	\$ 1,570,637

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Cash Flows
Proprietary Funds
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-type Activities - Enterprise Funds					
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities						
Cash received from customers, residents and users	\$ 1,418,009	\$ 10,666,816	\$ 13,515,677	\$ 1,232,614	\$ 26,833,116	\$ 10,811,062
Other operating receipts	-	-	78,470	97,321	175,791	-
Cash received from Quality Assurance Supplement Program	-	-	1,582,602	-	1,582,602	-
Cash paid to employees	(334,943)	(29,527)	(7,637,059)	(411,603)	(8,413,132)	(10,307,151)
Cash paid to suppliers	(81,851)	(6,231,346)	(6,151,238)	(1,034,610)	(13,499,045)	-
Payments for interfund services used	-	(1,640,664)	-	-	(1,640,664)	-
Receipts for interfund services provided	(88,659)	-	-	201,478	112,819	-
Net cash provided by operating activities	912,556	2,765,279	1,388,452	85,200	5,151,487	503,911
Cash flows from capital and related financing activities						
Principal payments on long-term debt	-	(1,580,000)	(410,000)	-	(1,990,000)	-
Interest payments on long-term debt	-	(458,642)	(637,869)	(14,635)	(1,111,146)	-
Purchase of capital assets	(8,125)	(659,567)	(103,970)	(12,999)	(784,661)	-
Payments for benefit obligation	-	-	(263,266)	-	(263,266)	-
Net cash (used in) capital and related financing activities	(8,125)	(2,698,209)	(1,415,105)	(27,634)	(4,149,073)	-
Cash flows from non-capital financing activities						
Transfers from other funds	70,066	-	-	32,754	102,820	-
Transfers to other funds	(1,618,205)	-	-	(50,000)	(1,668,205)	(213,577)
Net cash (used in) non-capital financing activities	(1,548,139)	-	-	(17,246)	(1,565,385)	(213,577)
Cash flows from investing activities						
Resident trust deposits	-	-	(7,900)	-	(7,900)	-
Interest income received	96,039	94,942	16,772	14,517	222,270	25,824
Net cash provided by investing activities	96,039	94,942	8,872	14,517	214,370	25,824
Net increase (decrease) in cash and cash equivalents	(547,669)	162,012	(17,781)	54,837	(348,601)	316,158
Cash and cash equivalents, beginning of year	7,568,249	2,337,417	2,157,760	805,166	12,868,592	1,859,141
Cash and cash equivalents, end of year	\$ 7,020,580	\$ 2,499,429	\$ 2,139,979	\$ 860,003	\$ 12,519,991	\$ 2,175,299

Continued...

COUNTY OF JACKSON, MICHIGAN
Statement of Cash Flows (Concluded)
Proprietary Funds
FOR THE YEAR ENDED DECEMBER 31, 2007

	Enterprise Funds					
	Delinquent Tax Revolving	Resource Recovery	Medical Care Facility	Other Enterprise Funds	Total	Internal Service Funds
Statement of Net Assets Classification of Cash						
Current assets - Cash and cash equivalents	\$ 7,020,580	\$ 514,207	\$ 1,467,110	\$ 860,003	\$ 9,861,900	\$ 2,175,299
Restricted assets - Cash and cash equivalents	-	1,985,222	672,869	-	2,658,091	-
Total	\$ 7,020,580	\$ 2,499,429	\$ 2,139,979	\$ 860,003	\$ 12,519,991	\$ 2,175,299
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ 1,571,557	\$ 2,701,531	\$ 1,139,953	\$ (48,832)	\$ 5,364,209	\$ 142,443
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Amortization income - capital lease	-	-	(9,559)	-	(9,559)	-
Amortization expense - bond issue costs	-	-	5,605	-	5,605	-
Amortization of benefit obligation	-	-	453,246	-	453,246	-
Depreciation	19,421	1,071,316	565,232	82,883	1,738,852	-
Provision for bad debts	-	-	3,485	-	3,485	-
(Increase) decrease in:						
Accounts receivable	(203,719)	64,608	(638,747)	(5,018)	(782,876)	217
Taxes receivable	(493,804)	-	-	-	(493,804)	-
Inventory	-	(243,238)	-	-	(243,238)	-
Prepaid items	-	46,615	-	1,755	48,370	-
Due from other governments	-	-	-	-	-	329,642
Due from other funds	14,082	-	-	-	14,082	-
Increase (decrease) in:						
Accounts payable	4,619	(543,240)	(170,336)	(10,536)	(719,493)	31,609
Accrued wages and benefits	400	68	39,573	(11,363)	28,678	-
Accrued expenses and deposits	-	(10,430)	-	-	(10,430)	-
Performance bonds	-	-	-	(15,250)	(15,250)	-
Unearned revenue	-	(250)	-	(1,893)	(2,143)	-
Estimated closure/monitoring costs	-	(85,000)	-	-	(85,000)	-
Due to other agencies	-	-	-	93,454	93,454	-
Due to other funds	-	(236,701)	-	-	(236,701)	-
Net cash provided by operating activities	\$ 912,556	\$ 2,765,279	\$ 1,388,452	\$ 85,200	\$ 5,151,487	\$ 503,911

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Fiduciary Net Assets
Fiduciary Funds
DECEMBER 31, 2007

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 771,590	\$ 5,577,290
Investments, at fair value:		
Money market funds	7,086,189	-
U.S. Government Obligations	15,849,745	-
Domestic corporate bonds	24,784,876	-
Domestic stocks	46,169,059	-
Index stock fund	27,701,435	-
International bonds	1,355,795	-
International stocks	27,083,741	-
Receivables:		
Accounts	575,097	-
Other	449,323	1,093,867
Prepaid expenses	586,275	-
	<hr/>	<hr/>
Total assets	152,413,125	\$ 6,671,157
	<hr/>	<hr/>
Liabilities		
Undistributed receipts and payables	-	6,671,157
Accrued expenses	11,189	-
	<hr/>	<hr/>
Total liabilities	11,189	\$ 6,671,157
	<hr/>	<hr/>
Net Assets		
Held in trust for pension benefits and other purposes	<u>\$ 152,401,936</u>	

The accompanying notes are an integral part of these financial statements.

COUNTY OF JACKSON, MICHIGAN
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
FOR THE YEAR ENDED DECEMBER 31, 2007

	Pension and Other Employee Benefit Trust Funds
Additions	
Contributions:	
Employees	\$ 1,888,860
Employer	2,324,801
Other	1,212,210
Total contributions	<u>5,425,871</u>
Investment earnings:	
Interest and dividends	3,425,307
Net appreciation in fair value of investments	9,624,730
Less investment expenses	(715,702)
Net investment earnings	<u>12,334,335</u>
Total additions	<u>17,760,206</u>
Deductions	
Pension benefit payments	9,685,144
Contribution refunds	506,969
Administrative expenses	299,033
Total deductions	<u>10,491,146</u>
Change in net assets	7,269,060
Net assets, beginning of year	<u>145,132,876</u>
Net assets, end of year	<u><u>\$ 152,401,936</u></u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF JACKSON, MICHIGAN
COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

	Road Commission	Economic Development Corporation	Land Bank Authority	Drain Commission	Brownfield Redevelopment Authority	Board of Public Works	Totals
ASSETS							
Pooled cash and cash equivalents	\$ 2,561,986	\$ -	\$ 115,742	\$ 1,677,443	\$ -	\$ 166,982	\$ 4,522,153
Cash and cash equivalents	37,000	632,604	-	14,208	31,991	23,733	739,536
Receivables, net	2,801,270	771,644	73,019	19,244,412	800,924	18,454,881	42,146,150
Prepaid items and other assets	1,977,986	-	-	-	-	-	1,977,986
Capital assets not being depreciated	16,504,733	-	82,719	-	-	-	16,587,452
Capital assets being depreciated, net	53,699,314	-	-	4,488,067	-	-	58,187,381
Total assets	77,582,289	1,404,248	271,480	25,424,130	832,915	18,645,596	124,160,658
LIABILITIES							
Accounts payable and accrued expenses	1,466,375	12,864	250,194	273,570	131,113	5,281	2,139,397
Long-term liabilities:							
Due within one year	71,540	-	-	1,664,622	-	1,053,000	2,789,162
Due in more than one year	480,712	-	-	17,499,000	-	17,425,000	35,404,712
Total liabilities	2,018,627	12,864	250,194	19,437,192	131,113	18,483,281	40,333,271
NET ASSETS							
Invested in capital assets, net of related debt	69,914,561	-	82,719	4,488,067	-	-	74,485,347
Restricted for construction	-	-	-	1,498,871	-	162,315	1,661,186
Unrestricted	5,649,101	1,391,384	(61,433)	-	701,802	-	7,680,854
Total net assets	<u>\$ 75,563,662</u>	<u>\$ 1,391,384</u>	<u>\$ 21,286</u>	<u>\$ 5,986,938</u>	<u>\$ 701,802</u>	<u>\$ 162,315</u>	<u>\$ 83,827,387</u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF JACKSON, MICHIGAN
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Road Commission					
Governmental Activities:					
Public Works	\$ 16,744,530	\$ 2,731,536	\$ 14,822,149	\$ -	\$ 809,155
Economic Development Corporation					
Governmental Activities:					
Other	46,115	-	42,506	-	(3,609)
Land Bank Authority					
Governmental Activities:					
Other	8,714	30,000	-	-	21,286
Drain Commission					
Governmental Activities:					
Public Works	1,271,945	-	-	1,099,856	(172,089)
Interest on long-term debt	813,473	-	-	-	(813,473)
Total Drain Commission	2,085,418	-	-	1,099,856	(985,562)
Brownfield Redevelopment Authority					
Governmental Activities:					
Public Works	58,413	-	63,197	-	4,784
Board of Public Works					
Governmental Activities:					
Public Works	1,058,195	-	-	1,388,311	330,116
Interest on long-term debt	694,595	-	-	-	(694,595)
Total Board of Public Works	1,752,790	-	-	1,388,311	(364,479)
Total component units	\$ 20,687,266	\$ 2,731,536	\$ 14,927,852	\$ 2,488,167	\$ (518,425)

(continued)

**COUNTY OF JACKSON, MICHIGAN
 COMPONENT UNITS
 COMBINING STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2007**

	Component Units						
	<u>Road Commission</u>	<u>Economic Development Corporation</u>	<u>Land Bank</u>	<u>Drain Commission</u>	<u>Brownfield Redevelopment Authority</u>	<u>Board of Public Works</u>	<u>Total</u>
Change in net assets net (expense) revenue	\$ 809,155	\$ (3,609)	\$ 21,286	\$ (985,562)	\$ 4,784	\$ (364,479)	\$ (518,425)
General revenues:							
Interest income	<u>149,691</u>	<u>7,453</u>	<u>-</u>	<u>95,812</u>	<u>1,340</u>	<u>11,940</u>	<u>266,236</u>
Change in net assets	958,846	3,844	21,286	(889,750)	6,124	(352,539)	(252,189)
Net assets, beginning of year, as restated	<u>74,604,816</u>	<u>1,387,540</u>	<u>-</u>	<u>6,876,688</u>	<u>695,678</u>	<u>514,854</u>	<u>84,079,576</u>
Net assets, end of year	<u>\$ 75,563,662</u>	<u>\$ 1,391,384</u>	<u>\$ 21,286</u>	<u>\$ 5,986,938</u>	<u>\$ 701,802</u>	<u>\$ 162,315</u>	<u>\$ 83,827,387</u>

The accompanying notes are an integral part of these financial statements.

NOTES to the FINANCIAL STATEMENTS

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

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JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Jackson County, Michigan (the “County” or “government”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

A. Reporting Entity

As required by generally accepted accounting principals, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government.

Blended Component Unit

Jackson County Building Authority - The Building Authority is governed by a three-member board appointed by the Jackson County Board of Commissioners. Its sole function is to oversee the financing and construction, if any, of the County’s public buildings; therefore, it is reported as if it were part of the primary government.

Discretely Presented Component Units

Jackson County Road Commission (the “Road Commission”) - The Road Commission maintains local, state and federal trunklines within Jackson County. The Road Commission operations are financed primarily from the State distribution of gas and weight taxes, federal financial assistance and contributions from other local governmental units within the County. The three (3) member Board of Road Commissioners are appointed by the County Board of Commissioners. The Road Commission is financially accountable to the County because all general long-term debt issuances, excluding capital lease purchase agreements, require County authorization.

Jackson County Economic Development Corporation (the “EDC”) - The County Economic Development Corporation, which was established pursuant to the provisions of Public Act 338 of 1974, as amended, is governed by a 9-person Board of Directors appointed by the County Board of Commissioners. The EDC may not issue debt without the County’s approval and administers a significant amount of Federal economic development grant money which is received by the County.

Land Bank Authority - The Land Bank Authority is a public corporation, organized pursuant to Michigan Land Bank Fast Track Public Act 258 and an Intergovernmental Agreement entered into between the Michigan Land Bank Fast Track Authority and the Jackson County Treasurer. The Land Bank Authority is governed by an eleven-member board including the Jackson County Treasurer, who is, by law, its Chairperson, and 10 other members including 4 Commissioners. The Land Bank Authority was created to acquire, hold, manage and develop tax-foreclosed properties, as well as other vacant and abandoned properties. The County Board of Commissioners can significantly influence the operations of the Land Bank Authority.

Jackson County Drain Commission (the “Drain Commission”) - Each of the drainage districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, to hold, manage and dispose of real and personal property, etc. The County Drain Commissioner, an elected position, has sole responsibility to administer the drainage district established pursuant to Chapters 3 and 4 of the Drain Code. The drainage board or drain commissioner, on behalf of the drainage district, may issue debt

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the drainage district. The nature of the Drain Commission's significance of their relationship to the County is such that exclusion as a component unit would cause the County's financial statements to be misleading.

Brownfield Redevelopment Authority of Jackson County - Pursuant to the provisions of Public Act 381 of 1996, the County created a brownfield redevelopment authority (the "Authority") in order to revitalize environmentally distressed areas within a brownfield redevelopment area. The five-member Board is appointed by the Jackson County Board of Commissioners. The Authority budget must be approved by the Jackson County Board of Commissioners.

Jackson County Board of Public Works (the "BPW") - Pursuant to Michigan Compiled Law 123.732, the County entered into a program of water supply and sanitary sewer facility construction. The Board of Public Works is under the general control of the County Board of Commissioners and under the immediate control of a Board of Public Works, which includes the County Drain Commissioner. The BPW is governed by a seven-member board with six appointed members and the Drain Commissioner, an elected position. The Board of Public Works is considered a component unit of the County. The Board manages water supply and sanitary sewer system construction projects that are bonded by the County. Bonds issued are authorized by an ordinance or a resolution approved by the Board of Public Works and adopted by the County Board of Commissioners.

Complete financial statements of the individual component units, where reports are separately provided, can be obtained from their respective administrative offices or from the County Clerk's Office at the Courthouse.

Administrative Offices

Jackson County Road Commission
2400 North Elm Road
Jackson MI 49201

**Jackson County Economic
Development Corp.**
One Jackson Square, Suite 1100
Jackson MI 49201

Funds With Other Year End

The Jackson County Health Department and the Friend of the Court Special Revenue Funds are reported on a fiscal year ended September 30, 2007. The Land Bank Authority Component Unit is also reported on a fiscal year ended September 30, 2007.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, or within one year for reimbursement based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *County health fund* accounts for the delivery of a vast array of health services to the residents of Jackson County. This fund is accounted for on a September 30 fiscal year end, which coincides with the Health Department's primary funding source.

The *revenue sharing reserve fund* accounts for accelerated property tax collections which are held for the replacement of future State shared revenues.

The *medical care facility maintenance of effort fund* accounts for payments made to the State of Michigan for county residents being treated in the Medical Care Facility, a long term health care facility owned and operated by Jackson County. Revenue is generated by a county wide millage.

The *Building Authority debt service fund* is used to account for the payment of bonds related to construction projects managed by the Building Authority Board. Funding for these payments can come from rents, millages and interfund transfers.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

The government reports the following major proprietary funds:

The *delinquent tax revolving fund* accounts for the County's annual purchase of delinquent real property taxes from each of the local taxing units within the County and the ultimate collection from the property owners of the delinquent taxes with penalty and interest. The fund also accounts for the County's issuance of debt (to provide cash flow for the purchase of the taxes) and for the resulting debt service payments.

The *resource recovery facility fund* accounts for the operations of the incinerator and landfills.

The *medical care facility fund* accounts for the long-term care of elderly residents of Jackson County in a medical care unit owned and operated by Jackson County.

Additionally, the government reports the following fund types:

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes not including major capital projects.

The *debt service funds* are used to account for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds not being financed by proprietary funds.

The *capital projects funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

Permanent funds. These funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

Enterprise funds. These funds account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The *internal service funds* account for operations that provide services (such as workers compensation, telephone, health insurance, land use planning and graphic information) to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis. Charges to enterprise funds are equal to each enterprise fund's cost.

Pension trust funds. These funds account for the activities of the County's pension and postretirement health benefit payments to qualified employees.

The *agency funds* account for assets held for other governments in an agency capacity (such as trust and agency, library fund, district court bond, and others).

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the delinquent tax fund and of the government's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

All short-term investments that are highly liquid with an original maturity of three months or less are considered to be cash equivalents, including investments in governmental liquidity funds.

The County maintains pooled and individual fund demand deposit, certificates of deposit and short-term investment accounts for the primary government and discretely presented component units. Certain imprest demand deposit accounts are also maintained by discretely presented component units.

Investments are stated at fair value.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the United States, certain commercial paper, repurchase agreements, banker acceptances and mutual funds composed of otherwise legal investments.

The State's Pension Investment Act, as amended, authorizes the pension trust fund to invest in common stocks, real estate and other investment instruments, subject to certain limitations.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable.

Medical Care Facility receivables are reported at the estimated net realizable amounts due from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

3. Inventories, Prepaid Items and Other Assets

Inventories are valued at cost, which approximates market, using the first-in/first-out method. The costs of governmental fund-type inventories are primarily recorded as expenditures when purchased rather than when consumed.

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items.

Deferred assets represent rent paid in advance, which will benefit future accounting periods.

4. Restricted Assets

In accordance with revenue bond covenants, resources are set aside in the Resource Recovery Facility Enterprise Fund to meet principal and interest repayment requirements and to provide for major repairs and replacements. Resources are also set aside in the Medical Care Facility Enterprise Fund to provide for operations of the facility and for future capital purchases.

5. Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are depreciated using the straight line method over the useful life of the assets as follows:

Buildings and improvements	20-40 years
Equipment (computer, office and vehicles)	3-15 years

For the Road Commission component unit, capital assets are depreciated primarily by the straight-line method as follows:

	<u>Useful Life</u>
Buildings	30-40 years
Equipment	5-15 years
Infrastructure	8-50 years

For the Drain Commission Component Unit, the drain infrastructure is depreciated using the straight-line method over a useful life of 50 years.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

6. *Compensated Absences*

Eligible employees are permitted to accumulate paid time off in varying amounts based on length of service and certain other established criteria. Employees are paid for three-quarters of paid time off days earned and credited at the employee's current rate of pay upon separation of employment. Paid time off is accrued when incurred in proprietary funds and reported as a fund liability. Paid time off that has matured, for example, as a result of employee resignation or retirement, is reported as an expenditure and a fund liability of the governmental fund that will pay it.

7. *Long-term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types generally recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs and immaterial bond discounts, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Fund Equity*

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

9. *Budget Stabilization Fund*

In April, 1983, the Budget Stabilization Ordinance was adopted by the Board of Commissioners per Resolution 83-74. This ordinance authorized the creation of a budget stabilization fund. Initial funding was provided for in the General Appropriation Resolution 84-171. The money in the Budget Stabilization Fund may only be appropriated by a resolution adopted by two-thirds vote of the Board of Commissioners for the purposes stated in the Budget Stabilization Ordinance.

10. *Current and Contingent Claims*

The current and contingent claims expense (cost of services) shown in the internal service funds represents the net increase in the accrued liability for known claims and, where applicable, claims incurred but not reported. Claims paid during the fiscal year that were not previously accrued are also included here. See Note #IV A. "Risk Management" for additional detail.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The general and special revenue funds are under formal approval budgetary control. Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles (GAAP), and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget approved and amended by the Board of Commissioners. The budgets are adopted at the activity level and control is exercised at that level. The County Administrator/Controller is authorized to transfer line item budget amounts up to \$10,000. Amounts over \$10,000 will be referred to the appropriate Committee, Personnel or Finance, and then to the Board of Commissioners for final action. Supplemental budgetary appropriations (immaterial) were made during the year. Appropriations lapse at year end.

B. Budget Violations

During the year ended December 31, 2007, expenditures were incurred in excess of the amounts appropriated as follows:

<u>Fund and Activity or Account</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund -			
Health and Welfare -			
Medical Examiners	\$ 280,354	\$ 311,466	\$ 31,112
Special Revenue Funds:			
Social Services -			
Health and welfare	900,000	918,938	18,938
Child Care -			
Public safety -			
General	1,279,388	1,300,699	21,311

C. Fund Deficits

At December 31, 2007, there was a deficit in unrestricted net assets in the Fair fund in the amount of \$124,768. The County plans on eliminating this deficit through revenue generated in 2008. There was also a deficit in the Soil Erosion fund in the amount of \$19,024. The County plans on eliminating this deficit in the year 2008 by transferring funds from the General fund. Finally, there was a deficit in unrestricted net assets in the Land Bank Authority component unit in the amount of \$61,433. The County plans on eliminating this deficit with activity generated in 2008.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits, Investments and Securities Lending

Following is a reconciliation of deposits and investments as of December 31, 2007:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Statement of Net Assets:			
Cash and pooled investments	\$ 43,981,958	\$ 5,261,689	\$ 49,243,647
Statement of Fiduciary Net Assets:			
Cash and pooled investments	6,348,880	-	6,348,880
Investments	<u>150,030,840</u>	<u>-</u>	<u>150,030,840</u>
Total	<u>\$ 200,361,678</u>	<u>\$ 5,261,689</u>	<u>\$ 205,623,367</u>

Deposits and Investments:

Bank deposits (checking accounts and certificates of deposit)	\$ 9,114,617
Investments in securities, mutual funds and similar vehicles:	
Treasurer's investment pool	45,963,932
Employee retirement system	145,033,822
Retiree health insurance fund	4,997,018
Cash on hand	30,977
Net effect of funds with different fiscal year ends	<u>483,001</u>

Total **\$ 205,623,367**

Bank Deposits and Treasurer's Investment Pool

Custodial Credit Risk - Deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. As of December 31, 2007, \$9,659,375 of the County's total bank balance of \$11,065,189 (total book balance was \$9,114,617) was exposed to custodial credit risk as it was uninsured and uncollateralized.

In accordance with the County's investment policy and State law, all deposits are uncollateralized, held in the County's name, and evidenced by a safekeeping receipt. Also, due to the dollar amounts of cash deposits and the limits of FDIC insurance, the County believes it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

Custodial Credit Risk - Investments. Following is a summary of the County's investments as of December 31, 2007:

U.S. agencies	\$ 40,293,555
Money market	<u>5,670,377</u>
Total	<u>\$ 45,963,932</u>

Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. In accordance with the County's investment policy, all investments are held in the name of the County and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are not required for U.S. treasuries or money market funds. All of the County's investments comply with its policy regarding the types of investments it may hold.

As of December 31, 2007, all of the County's investments in securities of U.S. agencies were rated AAA by Standard & Poor's.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy does not address this risk. At December 31, 2007, the County had greater than 5% of its total investment portfolio concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
U.S. agencies	Federal Home Loan Bank	35.8%
	Federal Home Loan Mortgage Corporation	19.9%
	Federal National Mortgage Association	44.3%

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. The County's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the practice of the County to manage this risk by purchasing a mix of short and longer term investments. This laddering approach also matches investment maturities to projected cash flow needs.

As of December 31, 2007, maturities of the County's debt securities were as follows:

	<u>Investment maturities (fair value by years)</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 15</u>	<u>More Than 15</u>
U.S. Agencies	\$40,293,555	\$ 3,500,000	\$ 5,499,980	\$29,293,575	\$ 2,000,000

The County assumes that its callable investments will not be called.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

Employees Retirement System Investments

The System's investments are primarily held in a bank-administered trust fund. Following is a summary of the System's investments as of December 31, 2007:

Investments at fair value, as determined by quoted market price:

Equities domestic:	
Not on securities loan	\$ 36,254,988
On securities loan	6,528,928
Index fund	27,701,435
Equities international	27,083,741
U.S. Treasuries	2,113,240
U.S. Agencies:	
Not on securities loan	11,037,672
On securities loan	1,415,811
Corporate securities domestic:	
Not on securities loan	22,351,712
On securities loan	2,235,164
Corporate securities international	1,355,795
Money market funds	6,955,336
Total investments	\$ 145,033,822

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's investment policy provides that its investments in fixed income securities be limited to those rated BAA or better by a nationally recognized statistical rating organization, except for United States treasury securities which are explicitly guaranteed by the U.S. government and not considered to have credit risk.

As of December 31, 2007, the System's investments in securities of U.S. agencies are rated AAA by Standard & Poor's. The System's investments in corporate securities were rated by Standard & Poor's as follows:

AAA	\$ 1,087,428
AA	1,040,099
AA-	1,037,006
A+	4,409,515
A	2,794,500
A-	4,272,879
BBB+	3,649,906
BBB	4,871,608
BBB-	1,227,623
BB+	662,438
BB	689,419
Not Rated	200,250
	\$ 25,942,671

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System's investment policy requires that securities be held in trust by a third-party institution in the System's name or its nominee custodian's name or in bearer form. Although uninsured and unregistered, the System's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department or agent in the System's name. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. The System's investment policy requires that no more than 5% of a System's assets be invested in any one corporation and no more than 5% of a System investment may be made in the outstanding stock of any corporation. The policy also provides that no more than 70% and no less than 50% of the Systems assets may be invested in equity securities, and that no more than 50% and no less than 30% of System assets may be invested in bonds.

At December 31, 2007, the System's investment portfolio is concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
U.S. Agencies	Federal Home Loan Mortgage Association	4.7%
	Federal national Mortgage Association	2.8%

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System's investment policy does not discuss the maximum maturity for any single fixed income security or the weighted average portfolio maturity.

As of December 31, 2007, maturities of the System's debt securities were as follows:

	<u>Investment maturities (fair value by years)</u>				
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 15</u>	<u>More Than 15</u>
U.S. Treasuries	\$ 2,113,240	\$ -	\$ 1,982,738	\$ 130,502	\$ -
U.S. Agencies	12,453,483	-	1,742,080	8,300,357	2,411,046
Corporate, domestic & international bonds	25,942,671	1,165,607	4,607,197	8,686,564	11,483,303
Total debt securities	\$ 40,509,394	\$ 1,165,607	\$ 8,332,015	\$ 17,117,423	\$ 13,894,349

Securities Lending. A contract approved by the System's Board of Directors, permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives securities or irrevocable bank letters of credit as collateral. The collateral securities cannot be pledged or sold by the System unless the borrower defaults. Collateral securities and letters of credit are initially pledged at 102 percent of the market value of the securities lent, and may not fall below 100 percent during the term of the loan. There are no restrictions on the amount of securities that can be loaned.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

Securities on loan at year-end are classified in the preceding schedule of custodial credit risk according to the category for the collateral received on the securities lent. At year end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System. The contract with the System's custodian requires it to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities' issuers while the securities are on loan.

Retiree's Health Insurance Fund

Custodial Credit Risk - The Fund's investments are held in third-party safekeeping by a designated institution and that safekeeping agent follows the procedure of delivery vs. payment. Following is a summary of the Fund's investments as of December 31, 2007:

Investments at fair value, as determined by quoted market price:

Equities domestic	\$ 3,385,143
U.S. treasuries	105,513
U.S. agencies	1,177,509
Corporate Bonds	198,000
Money Market	<u>130,853</u>

Total investments \$ 4,997,018

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund's investments comply with its policy regarding the types of investments it may hold.

As of December 31, 2007, the System's investments in securities of U.S. agencies are rated AAA by Standard & Poor's.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's investment policy does not address this risk. At December 31, there were no concentrations in securities of any one issuer greater than 5% of investment fair value.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund's investment policy does not discuss the maximum maturity for any single fixed income security or the weighted average portfolio maturity.

As of December 31, 2007, maturities of the Fund's debt securities were as follows:

Investment maturities (fair value by years)					
Fair Value	Less				More Than 15
	Than 1	1 - 5	6 - 15	More Than 15	
U.S. Treasuries	\$ 105,513	\$ 39,984	\$ -	\$ 65,529	\$ -
U.S. Agencies	1,177,509	50,242	313,925	567,648	245,694
Corporate, domestic & international bonds	198,000	-	198,000	-	-
Total debt securities	\$ 1,481,022	\$ 90,226	\$ 511,925	\$ 633,177	\$ 245,694

The County assumes its callable investments will not be called.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

B. Receivables/Deferred Revenue

Receivables in the governmental activities are as follows:

Property taxes	<u>\$ 5,462,060</u>
Other:	
Accounts	868,873
Interest	550,470
Intergovernmental	<u>8,771,241</u>
	<u>10,190,584</u>
Total	<u>\$ 15,652,644</u>

Amounts not expected to be collected within one year includes \$7,270,000 of intergovernmental receivables.

Receivables in the business-type activities are composed of the following:

Delinquent property taxes	<u>\$ 4,924,999</u>
Other:	
Accounts	2,819,716
Interest	1,095,306
Patient	2,526,456
Less: allowance for doubtful accounts	<u>(177,444)</u>
	<u>6,264,034</u>
Total	<u>\$ 11,189,033</u>

Receivables in the component units consist of \$37,699,293, or 89% as due from other governmental units. The balance, or \$4,446,857, consists of trade and other receivables.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in governmental activities were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable:		
Medical Care Facility - Maintenance of Effort Fund	\$ -	\$ 587,000
Jail Millage Fund	-	2,040,000
Department on Aging Fund	-	1,039,000
Long-term receivable - Building Authority Debt Service	7,570,000	-
Grant revenues received in advance of being earned	<u>-</u>	<u>7,593</u>
	<u>\$ 7,570,000</u>	<u>\$ 3,673,593</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

C. Capital Assets

Capital asset activity for the year ended December 31, 2007 was as follows:

Primary Government

	Balance	Increases	Decreases	Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,258,548	\$ -	\$ -	\$ 1,258,548
Construction in progress	52,689	1,904,188	-	1,956,877
Total capital asstes, not being depreciated	1,311,237	1,904,188	-	3,215,425
Capital assets, being depreciated:				
Buildings and improvements	35,839,851	189,057	-	36,028,908
Equipment and furniture	8,971,946	246,670	37,530	9,181,086
Vehicles	2,215,692	293,891	475,132	2,034,451
Total capital assets, being depreciated	47,027,489	729,618	512,662	47,244,445
Less accumulated depreciation for:				
Buildings and improvements	12,991,838	1,408,608	-	14,400,446
Equipment and furniture	5,575,517	796,575	37,530	6,334,562
Vehicles	1,965,157	247,583	475,132	1,737,608
Total accumulated depreciation	20,532,512	2,452,766	512,662	22,472,616
Total capital assets, being depreciated, net	26,494,977	(1,723,148)	-	24,771,829
Governmental activities capital assets, net	\$ 27,806,214	\$ 181,040	\$ -	\$ 27,987,254
	Beginning			Ending
	Balance	Increases	Decreases	Balance
Business-type Activities				
Capital assets, not being depreciated:				
Land	\$ 469,572	\$ -	\$ -	\$ 469,572
Capital assets, being depreciated:				
Land improvements	65,192	-	-	65,192
Buildings and improvements	38,166,673	657,851	-	38,824,524
Equipment and furniture	14,314,152	207,794	94,203	14,427,743
Vehicles	25,845	-	-	25,845
Total capital assets, being depreciated	52,571,862	865,645	94,203	53,343,304
Less accumulated depreciation for:				
Land improvements	65,192	-	-	65,192
Buildings and improvements	12,115,771	1,298,582	-	13,414,353
Equipment and furniture	7,328,625	440,269	13,220	7,755,674
Vehicles	25,845	-	-	25,845
Total accumulated depreciation	19,535,433	1,738,851	13,220	21,261,064
Total capital assets, being depreciated, net	33,036,429	(873,206)	80,983	32,082,240
Business-type activities capital assets, net	\$ 33,506,001	\$ (873,206)	\$ 80,983	\$ 32,551,812

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

Depreciation expense was charged to the functions of the primary government as follows:

Governmental Activities:

General government	\$ 438,502
Public Safety	906,115
Judicial	139,154
Health and welfare	443,135
Recreation & Culture	188,654
Other	<u>337,206</u>

Total depreciation expense - governmental activities **\$ 2,452,766**

Business-type activities:

Resource Recovery Facility	\$ 1,071,316
Medical Care Facility	565,232
Fair	82,268
Delinquent Tax Fund	19,421
Personal Property Tax Fund	<u>614</u>

Total depreciation expense - business-type activities **\$ 1,738,851**

Discretely Presented Component Units

Drain Commission. Activity for the Drain Commission for the year ended December 31, 2007 was as follows.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Infrastructure	\$ 12,242,656	\$ -	\$ -	\$ 12,242,656
Less accumulated depreciation for:				
Infrastructure	<u>7,573,179</u>	<u>181,410</u>	<u>-</u>	<u>7,754,589</u>
Total capital assets, being depreciated, net	<u>\$ 4,669,477</u>	<u>\$ (181,410)</u>	<u>\$ -</u>	<u>\$ 4,488,067</u>

Depreciation expense was charged to the Public Works function in the year 2007.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

Road Commission. Activity for the Road Commission for the year ended December 31, 2007 was as follows.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land and land improvements	\$ 923,079	\$ 25,313	\$ -	\$ 948,392
Infrastructure land and land improvements	15,321,819	234,522	-	15,556,341
Subtotal	16,244,898	259,835	-	16,504,733
Capital assets, being depreciated:				
Buildings and improvements	6,237,744	-	(189,463)	6,048,281
Road equipment	13,226,601	8,421	(391,991)	12,843,031
Other equipment	1,710,504	59,101	(62,762)	1,706,843
Gravel pits	548,074	-	-	548,074
Infrastructure	79,564,154	4,315,671	(2,102,632)	81,777,193
Subtotal	101,287,077	4,383,193	(2,746,848)	102,923,422
Less accumulated depreciation for:				
Buildings and improvements	(4,273,080)	(210,942)	189,463	(4,294,559)
Road equipment	(9,634,768)	(1,112,409)	391,991	(10,355,186)
Other equipment	(1,397,781)	(116,757)	62,762	(1,451,776)
Gravel pits	(147,019)	-	-	(147,019)
Infrastructure	(31,151,155)	(3,927,045)	2,102,632	(32,975,568)
Subtotal	(46,603,803)	(5,367,153)	2,746,848	(49,224,108)
Net capital assets being depreciated	54,683,274	(983,960)	-	53,699,314
Net capital assets	\$ 70,928,172	\$ (724,125)	\$ -	\$ 70,204,047

Depreciation expense was charged to the Public Works function in the year 2007.

Land Bank Authority. Activity for the Land Bank Authority for the year ended September 30, 2007 was as follows.

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land and land improvements	\$ -	\$ 82,719	\$ -	\$ 82,719

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

D. Interfund Receivables, Payables and Transfers

At December 31, 2007, interfund receivables and payables were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Delinquent Tax Revolving	\$ 1,877,107	\$ -
Resource Recovery	-	1,405,707
Nonmajor Proprietary Funds	-	471,400
Total	<u>\$ 1,877,107</u>	<u>\$ 1,877,107</u>

At December 31, 2007, interfund advances were as follows:

<u>Receivable fund</u>	<u>Payable Fund Friend of the Court</u>
General	<u>\$ 500,000</u>

The general fund has made long-term advances to the Drain Commission and Brownfield Redevelopment Authority component units in the amounts of \$210,000 and \$117,500, respectively.

The County has interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for governmental funds and proprietary funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The advance from the General Fund to the Friend of the Court Fund is used to provide cash flow to that fund until reimbursements from the State of Michigan are collected.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

For the year then ended, interfund transfers consisted of the following:

<u>Fund</u>	<u>Transfer in</u>	<u>Transfer out</u>
General	\$ 6,599,333	\$ 6,309,822
Health	771,982	-
Revenue Sharing Reserve	-	3,148,923
Building Authority Debt Service	987,848	-
Delinquent Tax Revolving	70,066	1,618,205
Nonmajor Governmental Funds	7,293,122	4,405,168
Nonmajor Proprietary Funds	32,754	50,000
Internal Service Funds	-	213,577
	15,755,105	15,745,695
Adjustments for different fiscal year end:		
Health Department FYE 9/30/07	6,562	-
Friend of the Court FYE 9/30/07	-	15,972
Total	\$ 15,761,667	\$ 15,761,667

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Payables

Accounts payable and accrued liabilities in the governmental activities are as follows:

Accounts	\$ 1,238,325
Claims	945,433
Wages, fringe benefits and other accrued liabilities	584,802
Intergovernmental	118,492
Accrued interest	169,056
Total	\$ 3,056,108

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

Accounts payable and accrued liabilities in the business-type activities are as follows:

Trade accounts payable	\$ 679,561
Accrued interest	179,536
Wages, fringe benefits and other accrued liabilities	469,835
Estimated closure post-closure monitoring costs	1,770,000
Intergovernmental	<u>8,383</u>
Total	<u>\$ 3,107,315</u>

F. Property Taxes

Prior to 2005, the County property taxes were levied annually on December 1 (the lien date) to fund operations of the following year. The property taxes were due in full within 90 days (prior to March 1), at which time uncollected taxes became delinquent.

In 2004, the State of Michigan passed Public Act 357. This Act provides a temporary funding mechanism as a substitute for state revenue sharing payments to counties. As a result of this new law, the County's levy date began a phased shifting (or acceleration) over a 3-year period from December 1 to July 1 of each year. In 2005, one-third of the tax levy took place on July 1 and two-thirds took place on December 1. In 2006, two-thirds of the tax levy took place on July 1 and one-third took place on December 1. In 2007 and each year thereafter, one-hundred percent of the tax levy will take place on July 1. The Act also requires that an amount equal to one-third of the December 2004 tax levy be placed each year for three years into the newly created Revenue Sharing Reserve Fund, a special revenue fund. An annual transfer, in an amount determined by the State of Michigan, is made from the Revenue Sharing Reserve Fund into the General Fund equal to the amount of revenue sharing the County used to receive from the State, adjusted for inflation. For the year ended December 31, 2007, the County recognized the July 1, 2007 tax levy.

The assessed value of real and personal property is established by the local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. In March 1994, Michigan voters approved Proposal A, which limits annual increases in assessed values to the lesser of 5% or the rate of inflation with assessed value reverting to 50% of true cash value when the property is sold. Property taxes are levied based on the taxable value of the property (as defined under Proposal A). Taxable value is determined by using such factors as equalized value, assessed value, and capped value, along with a value change multiplier.

The taxable value of real and personal property for the July 1, 2007 levy was \$4.22 billion. The general operating tax rate for this levy was at the maximum rate of 5.1259 mills, as adjusted by the Headlee Amendment to the State of Michigan Constitution. The County also had a voter approved tax of .2477 mills for the Department on Aging, .4858 mills for the new County Jail Facility and .1400 mills for the Medical Care Facility.

By agreement with various taxing authorities, the County purchases at face value the real property taxes returned delinquent each March 1 and records a corresponding delinquent taxes receivable.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

G. Long-Term Debt

PRIMARY GOVERNMENT

Governmental Activities. Long-term liability activity for governmental activities for the year ended December 31, 2007 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Building Authority:					
General obligation bonds, Series 1999A	\$ 775,000	\$ -	\$ 50,000	\$ 725,000	\$ 50,000
General obligation bonds, Series 2002	11,675,000	-	350,000	11,325,000	400,000
General obligation bonds, Series 2006	7,045,000	-	200,000	6,845,000	250,000
Compensated absences (Primarily accrued sick and vacation pay)	1,471,473	3,067,271	3,080,406	1,458,338	1,458,338
	\$ 20,966,473	\$ 3,067,271	\$ 3,680,406	\$ 20,353,338	\$ 2,158,338

General Obligation Bonds. The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the County and pledge the County's full faith and credit. General obligation bonds currently outstanding are as follows:

	Balance December 31, 2007
\$950,000 1999A Jackson County Building Authority serial bonds, due in annual installments of \$50,000 to \$75,000 through 2019; interest at 5.3% to 6.0%	\$ 725,000
\$12,750,000 2002 Jackson County Building Authority serial bonds, due in annual installments of \$400,000 to \$1,175,000 through 2022; interest at 3.250% to 4.625%	11,325,000
\$7,045,000 2006 Jackson County Building Authority serial bonds, due in annual installments of \$250,000 to \$520,000 through 2026; interest at 4.75% to 5.00%	6,845,000
Total General Obligation Bonds	<u>\$ 18,895,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Due	Principal	Interest
2008	700,000	842,107
2009	700,000	814,580
2010	775,000	786,456
2011	775,000	754,495
2012	825,000	722,368
2013-2017	5,825,000	2,989,621
2018-2022	7,350,000	1,533,919
2023-2026	1,945,000	249,000
	<u>\$ 18,895,000</u>	<u>\$ 8,692,546</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

Compensated absences have typically been liquidated by the General and Health Funds in prior years.

Business-type Activities. Long-term liability activity for the business-type activities for the year ended December 31, 2007 was as follows:

	Balance January 1, 2007	Additions	Reductions	Balance December 31, 2007	Due Within One Year
<u>Bonds Payable</u>					
\$6,300,000 Resource and Energy 2005 Revenue Refunding Bonds - maturing serially to 2013 in annual amounts ranging from \$370,000 to \$950,000 at interest rates ranging from 2.75% to 3.75%	\$ 4,570,000	\$ -	\$ 525,000	\$ 4,045,000	\$ 570,000
Unlimited Tax General Obligation Refunding Bonds - \$10,850,000 Resource Recovery and Energy 2005 - maturing serially to 2013 in annual amounts ranging from \$495,000 to \$1,000,000 at interest rates ranging from 3.25% to 3.875%	6,255,000	-	1,055,000	5,200,000	1,000,000
Through the Jackson County Building Authority - \$14,000,000 Refunding Bonds, Series 2005, interest rates ranging from 3.250% to 5.125% maturing serially in semiannual amounts ranging from \$85,000 to \$885,000 to May 1, 2030. This debt is being serviced by the Medical Care Facility	13,920,000	-	85,000	13,835,000	85,000
Through the Jackson County Building Authority - \$15,500,000 (partial refunding in 2005) Limited Tax General Obligation Bonds, Series 2000 interest rate of 5.5% maturing serially in annual amounts ranging from \$325,000 to \$375,000 to May 1, 2010. This debt is being serviced by the Medical Care Facility	1,400,000	-	325,000	1,075,000	325,000
Less deferred amount on refinancing	(895,891)	-	(38,396)	(857,495)	-
TOTAL ENTERPRISE FUNDS BONDS PAYABLE	25,249,109	-	1,951,604	23,297,505	1,980,000
Compensated absences	298,110	97,475	75,299	320,286	320,286
TOTAL ENTERPRISE FUNDS	\$ 25,547,219	\$ 97,475	\$ 2,026,903	\$ 23,617,791	\$ 2,300,286

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

On January 1, 2003, the County issued \$10,850,000 in Unlimited Tax General Obligation Refunding Bonds with an average rate of 3.26% to advance refund \$10,435,000 of outstanding 1994 Series Unlimited Tax General Obligation Bonds. The balance of the defeased bonds outstanding was \$5,305,000 at December 31, 2007.

Also, on March 1, 2003, the County issued \$6,300,000 in Revenue Refunding Bonds with an average rate of 3.23% to advance revenue refund \$6,320,000 of outstanding 1993 Series Revenue Bonds. The balance of the defeased bonds outstanding was \$4,285,000 at December 31, 2007.

Also on May 1, 2005, the County issued \$14,000,000 in Revenue Funding Bonds with interest rates ranging from 3.150% to 5.125% to advance refund \$12,900,000 of outstanding 2000 Series Unlimited Tax General Obligation Bonds. The balance of the defeased bonds outstanding was \$12,900,000 at December 31, 2007.

Annual debt service requirements to maturity for business-type activities are as follows:

<u>Year Due</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,980,000	\$ 949,825
2009	2,365,000	872,697
2010	1,800,000	794,546
2011	2,270,000	718,079
2012	2,305,000	634,223
2013-2017	3,830,000	2,522,362
2018-2022	3,365,000	1,856,706
2023-2027	3,725,000	1,082,997
2028-2030	2,515,000	196,443
	<u>\$ 24,155,000</u>	<u>\$ 9,627,878</u>

Activity for the estimated closure and post closure monitoring costs for the year ended December 31, 2007 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Estimated closure and postclosure monitoring costs	\$ 1,855,000	\$ -	\$ 85,000	\$ 1,770,000	\$ 205,000

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

ROAD COMMISSION

Changes in Long-Term Liabilities. Long-term liability activity for the governmental activities for the year ended December 31, 2007, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Honeywell - Capital lease - Building improvements, \$266,372, maturing serially in quarterly amounts of \$9,489.50 including interest at a rate of 7.84%	\$ 253,054	\$ -	\$ 19,308	\$ 233,746	\$ 20,200
Caterpillar Financial - Road equipment - Three installment purchase agreements - monthly payments of \$2,205 including interest at a rate of 4.85%	156,986	-	101,246	55,740	51,340
Compensated absences (Primarily accrued sick and vacation pay)	264,072	-	1,306	262,766	-
	\$ 674,112	\$ -	\$ 121,860	\$ 552,252	\$ 71,540

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

DRAIN COMMISSION

Changes in Long-Term Liabilities. During the year ended December 31, 2007, the long-term liability activity for governmental activities of the Drain Commission was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reduction</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds:					
1994 Clark Lake	\$ 1,150,000	\$ -	\$ 845,000	\$ 305,000	\$ -
1993 Village of Grass Lake	1,205,000	-	140,000	1,065,000	145,000
2002 Clark Lake Refunding	2,505,000	-	510,000	1,995,000	505,000
1990 Village of Springport	75,000	-	25,000	50,000	25,000
1997 Village of Brooklyn	1,125,000	-	75,000	1,050,000	75,000
2000 Wolf Lake	1,025,000	-	250,000	775,000	250,000
2001 Napoleon Township	950,000	-	50,000	900,000	50,000
2004 Lake Columbia	10,500,000	-	500,000	10,000,000	500,000
2005 Spring Arbor Township	480,000	-	25,000	455,000	25,000
2006 Wolf Lake Refunding	2,335,000	-	-	2,335,000	-
Total general obligation bonds	21,350,000	-	2,420,000	18,930,000	1,575,000
Notes payable:					
Otter Creek and East Branch Intercounty Drain	240,000	-	48,000	192,000	48,000
Shoemaker Woods Lateral	83,244	-	41,622	41,622	41,622
Total notes payable	323,244	-	89,622	233,622	89,622
Total Drain Commission	\$ 21,673,244	\$ -	\$ 2,509,622	\$ 19,163,622	\$ 1,664,622

Special Assessment Debt. Special assessment debt is issued for the construction and maintenance of County drains. Notes and bonds issued by the Jackson County Drain Commission are generally collateralized by the full faith and credit of the drainage districts and the County of Jackson. Special assessment debts currently outstanding are as follows at December 31, 2007:

Bonds payable:

Clark Lake 1994 Waste Water Disposal System DPW Bonds – \$7,875,000 (Partial refunding in 2002) maturing in annual amounts of \$155,000 and \$150,000 in 2012 & 2013 at 3% interest	\$ 305,000
Village of Grass Lake 1993 Sanitary Sewage Disposal System DPW Bonds - \$2,700,000 maturing serially in annual amounts ranging from \$145,000 to \$160,000 through 2014 at an interest rate of 2%	1,065,000

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

Clark Lake 2002 Refunding Bonds - \$4,300,000 maturing serially in annual amounts ranging from \$490,000 to \$505,000 through 2011 at an interest rate ranging from 4.00% to 4.25%	\$ 1,995,000
Village of Springport 1990 Waste Water Disposal Facility DPW Bonds - \$300,000 maturing serially in annual amounts of \$25,000 through 2009 at an interest rate of 7.15%	50,000
Village of Brooklyn 1997 Waste Water Disposal Facility Limited Tax General Obligation Bonds - \$1,550,000 maturing serially in annual amounts ranging from \$75,000 to \$150,000 through 2016 at an interest rate ranging from 4.25% to 5.00%	1,050,000
Wolf Lake 2000 Waste Water Disposal System Limited Tax General Obligation Bonds - \$4,900,000 (partial refunding in 2006) maturing serially in annual amounts ranging from \$250,000 to \$275,000 through 2019 at an interest rate ranging from 5.45% to 5.60%	775,000
Napoleon Township Section 2001 Waste Water Disposal System Limited Tax General Obligation Bonds - \$1,125,000 maturing serially in annual amounts ranging from \$50,000 to \$75,000 through 2020 at an interest rate ranging from 4.0% to 5.0%	900,000
Lake Columbia 2004 Waste Water Disposal Facility Limited Tax General Obligation Bonds - \$11,000,000 maturing serially in annual amounts ranging from \$500,000 to \$700,000 through 2024 at an interest rate ranging from 3.375% to 4.750%	10,000,000
Spring Arbor Township 2005 Water Supply Facilities General Obligation Limited Tax Bonds - \$480,000 maturing serially in annual amounts ranging from \$25,000 to \$30,000 through 2025 at an interest rate ranging from 3.50% to 4.75%	455,000

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

Wolf Lake 2006 Waste Water Disposal System Refunding Bonds – \$2,335,000 maturing serially in annual amounts ranging from \$250,000 to \$270,000 through 2019 at an interest rate ranging from 3.75% to 4.00%	\$ 2,335,000
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Total Drain Commission - Special Assessment Bonds Payable	<u>\$ 18,930,000</u>
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Notes Payable:

Otter Creek and East Branch Intercounty Drain Notes - \$240,000 maturing serially in annual amounts of \$48,000 at an interest rate of 4.98%	\$ 192,000
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Shoemaker Woods Lateral of the Fisk Drainage District - \$83,244 maturing serially in annual amounts of \$41,622 at an interest rate of 5.00%	<u>41,622</u>
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Total Drain Commission - Special Assessment Notes Payable	<u>\$ 233,622</u>
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Total Drain Commission Bonds and Notes	<u>\$ 19,163,622</u>
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During 2006, the Drain Commission issued \$2,335,000 of Wolf Lake 2006 Refunding Bonds with interest rates ranging from 3.75% to 4.00% to advance refund \$2,575,000 of outstanding Wolf Lake 2000 Waste Water Disposal System Bonds . The balance of the defeased bonds outstanding was \$2,575,000 at December 31, 2007.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

Annual debt service requirements to maturity for Drain Commission special assessment debt are as follows:

<u>Year Due</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,664,622	\$ 756,094
2009	1,638,000	689,139
2010	1,638,000	622,343
2011	1,723,000	552,735
2012	1,350,000	500,901
2013-2017	5,665,000	1,804,463
2018-2022	4,005,000	769,250
2023-2025	1,480,000	72,424
	<u>\$ 19,163,622</u>	<u>\$ 5,767,349</u>

BOARD OF PUBLIC WORKS

Changes in Long-Term Liabilities. During the year ended December 31, 2007, the long-term liability activity for governmental activities of the Board of Public Works was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Board of Public Works:					
General obligation bonds:					
2002 Village of Parma	\$ 1,650,000	\$ -	\$ 50,000	\$ 1,600,000	\$ 75,000
Revolving Loan Funds - Village of Parma	930,000	-	50,000	880,000	50,000
2003 Vineyard Lake Section	5,600,000	-	250,000	5,350,000	250,000
2002B Grass Lake Section	480,000	-	25,000	455,000	25,000
Revolving Loan Funds - Village of Grass Lake	1,980,000	-	95,000	1,885,000	95,000
2005 Round/Farewell Lakes Section	3,650,000	-	250,000	3,400,000	250,000
2005 Southern Regional Interceptor Section	4,600,000	-	-	4,600,000	-
Total general obligation bonds	<u>18,890,000</u>	<u>-</u>	<u>720,000</u>	<u>18,170,000</u>	<u>745,000</u>
Notes payable -					
Rives Township Section	-	308,000	-	308,000	308,000
Total Board of Public Works	<u>\$ 18,890,000</u>	<u>\$ 308,000</u>	<u>\$ 720,000</u>	<u>\$ 18,478,000</u>	<u>\$ 1,053,000</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

	Balance December 31, <u>2007</u>
Bonds payable:	
Village of Parma 2002 Water Supply Facilities Bonds - \$1,800,000 maturing in annual amounts ranging from \$25,000 to \$150,000 through 2021 at an interest rate ranging from 2.75% to 5.50%	\$ 1,600,000
State Drinking Water Revolving Loan Funds – Village of Parma maturing in annual amounts ranging from \$45,000 to \$70,000 through 2022 at an interest rate of 2.5%	880,000
Jackson County Wastewater Disposal Facility Vineyard Section, Series 2004 maturing in annual amounts ranging from \$250,000 to \$375,000 through 2023 at an interest rate ranging from 2.5% to 4.5%	5,350,000
Jackson County Water Supply Facility Grass Lake Area Section Series 2002B maturing in annual amounts ranging from \$10,000 to \$50,000 through 2022 at an interest rate ranging from 3.4% to 6.00%	455,000
State Drinking Water Revolving Loan Funds – Village of Grass Lake maturing in annual amounts ranging from \$90,000 to \$140,000 through 2023 at an annual interest rate of 2.5%	1,885,000
Jackson County Wastewater Disposal Facility Round/Farwell Lakes Area Section, Series 2005 maturing in annual amounts ranging from \$225,000 to \$250,000 through 2022 at an interest rate ranging from 3% to 4%	3,400,000
Jackson County Wastewater Disposal Facility Southern Regional Interceptor Section, Series 2005 maturing in annual amounts ranging from \$125,000 to \$425,000 through 2025 at an interest rate ranging from 4.125% to 4.500%	<u>4,600,000</u>
Total BPW Special Assessment Bonds Payable	<u>\$ 18,170,000</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

Note payable:

Jackson County Wastewater Disposal
Facility Rives Township Section,
Series 2007 maturing in an annual
amount of \$308,000 in 2008 at an
interest rate of 4.27%

\$ 308,000

Total BPW Bonds and Notes

\$18,478,000

Annual debt service requirements to maturity for Board of Public Works special assessment debt are as follows:

<u>Year Due</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,053,000	\$ 686,101
2009	900,000	651,560
2010	925,000	622,969
2011	960,000	592,518
2013	985,000	560,355
2013-2017	5,620,000	2,222,860
2018-2022	6,320,000	1,058,175
2023-2025	1,715,000	120,252
	<u>\$ 18,478,000</u>	<u>\$ 6,514,790</u>

IV. OTHER INFORMATION

A. Risk Management / Self-Insurance Programs

The government manages its risk exposures and provides certain employee benefits through a combination of self-insurance programs, risk management pools and commercial insurance and excess coverage policies. On risks which are commercially insured, settlements have not exceeded insurance coverage in any of the past three years. Following is a summary of these self-insurance programs and risk management pool participation.

Liability. The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage and property damage coverages. The MMRMA provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter.

The government makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from an internal service fund (i.e., the Insurance Fund) using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs.

Accordingly, because contributions to the member retention fund are essentially recognized as revenue by MMRMA to the extent of expenditures, the government records a restricted asset (i.e., "escrow account for insurance claims") and a related liability, equal to the loss reserves estimated by MMRMA, for its portion of the unexpended member retention fund. At December 31, 2007, the balance of the County's member retention fund was \$108,424.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

Under most circumstances, the County's maximum loss retention per occurrence was as follows:

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
General and automobile liability	\$100,000
Motor vehicle physical damage	\$15,000 per vehicle \$30,000 per occurrence
Property damage	\$1,000 per occurrence, 10% of remaining up to \$100,000 of a loss

County of Jackson Self-Funded Managed Care Insurance

On August 1, 1993, the County Proper and the Jackson County Road Commission began operating a self-funding health insurance program for their employees and retirees. An administrative agent has been hired to monitor claims and ensure that only those meeting the member's policies are paid. "Stop-Loss" insurance has been obtained, through payment of monthly premiums, to cover the cost of individual claims in excess of \$100,000. This is done to minimize the member's risk.

The participating members make monthly cash contributions to the Managed Care Insurance Internal Service Fund. The contribution amounts for 2007 were based upon the cost of obtaining traditional health insurance. These contributions are expensed by the members when made, and recognized as revenue by the Insurance Fund upon receipt.

There were no significant reductions in insurance coverage from the prior year, and no insurance settlements have exceeded coverage since August 1, 1993.

Claims payable, including incurred but not reported amounts, which are estimated by management based on historical experience, are reported as liabilities in the Internal Service Fund at December 31, 2007. The change in the claims liability for 2007 and 2006 is as follows:

	<u>2007</u>	<u>2006</u>
Claims liability at beginning of period	\$ 812,700	\$ 737,755
Claims and changes in estimates	9,394,515	8,771,667
Claims payments	<u>(9,335,922)</u>	<u>(8,696,722)</u>
Claims liability at end of fiscal year	<u>\$ 871,293</u>	<u>\$ 812,700</u>

Workers' Compensation. The government maintains a self-insurance program for workers' compensation coverage which is accounted for in an internal service fund (i.e., the Workers' Compensation Fund). The program is administered by a third party administrator who conducts safety inspections and provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on payrolls and job classifications and are available to pay claims, claim reserves, excess coverage and administrative costs.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$250,000 subject to an annual aggregate limit of \$5 million. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Changes in the balances of claims liabilities during the past two years are as follows:

	<u>2007</u>	<u>2006</u>
Unpaid claims, beginning of year	\$ 102,413	\$ 174,024
Incurred claims (including IBNR's)	52,570	41,968
Claim payments	<u>(80,843)</u>	<u>(113,579)</u>
Unpaid claims, end of year	<u>\$ 74,140</u>	<u>\$ 102,413</u>

Jackson County Road Commission

The Jackson County Road Commission participates in the Michigan County Road Commission Self-Insurance Pool for its liability insurance. The Self-Insurance Pool is a municipal self-insurance entity operating within the laws of the State of Michigan.

The Self-Insurance Pool has entered into reinsurance agreements providing for loss coverage in excess of amounts to be retained by the Pool. In the event a reinsurance company does not meet its obligation to the Pool, responsibility for payment of any unreimbursed claims reverts to the Pool, and, indirectly, to the Pool members.

B. Commitments and Contingencies

Amounts received or receivable from grantor agencies and health care intermediaries, including Medicare and Medicaid, are subject to audit and adjustment by those grantor agencies or intermediaries. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors or intermediaries cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government and its component units, individually or jointly, are a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government and component unit's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government. A summary of the more significant matters follow:

Jackson County Landfill

The Michigan Department of Natural Resources (MDNR) has ordered that a cleanup process be undertaken at the site of a former County landfill - McGill Road. The County developed an investigative work plan that was approved by the MDNR. There are no cost estimates available for this project. It is anticipated, however, that the State of Michigan and City of Jackson will share in the costs, as former operators at the cleanup site. It is impossible to predict, however, whether further environmental action will be required by the MDNR or whether the County's portion of related costs would be significant or minimal.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

Grant Agreements

Under the terms of various State and Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. However, County management does not believe such disallowances, if any, will be material to the financial position of the County.

Resource and Energy Conversion System

As part of this system, the County operates a waste-to-energy incinerator facility, with steam and electricity being sold to the State of Michigan under the terms of a contracted agreement. In an effort to ensure an adequate supply of waste for the facility, the County enacted a flow control ordinance. In simple terms, such an ordinance restricts the exporting of trash to other facilities.

In early 1994, the U.S. Supreme Court struck down a flow control ordinance as an unconstitutional restraint on trade. If this decision were applied to Jackson County's ordinance, it could have an adverse effect on the facility's finances.

C. Other Post-Employment Benefits and Employee Retirement System and Plan

Other Post-Employment Benefits

Plan Description. Jackson County provides health insurance benefits for its retired employees and Medical Care Facility employees retired prior to 1988, as established by County Board Resolution. Substantially all of the County's employees may become eligible for this benefit if they reach normal retirement age while working for the County. The Medical Care Facility pays the premiums for its employees retired since 1988. The Road Commission pays for coverage for its retirees. The County's General Fund and Retiree Health Fund covered the cost of insurance for all other eligible employees. Health insurance benefits are accounted/paid through the Self-Funded Managed Care Insurance Fund.

The Retiree Health Fund is reported as an other employee benefit trust fund in the accompanying financial statements. The Fund does not issue a separate or stand-alone report.

Basis of Accounting. The Retiree Health Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

Plan Membership. Plan membership consisted of the following at December 31, 2006 (the date of the latest actuarial valuation):

Retirees and beneficiaries currently receiving benefits	319
Terminated employees entitled to but not yet receiving benefits	-
Active participants	491

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

Funding Policy. The County is required to contribute the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current combined ARC is 23.25% of annual covered payroll.

The County has set aside \$5,329,635 as of December 31, 2007 in an effort to pre-fund this liability. The Board of Commissioners are exploring funding options as it relates to *Postemployment Benefits*.

Annual OPEB Cost and Net OPEB Obligation. For 2007, the components of the County's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation to the Plan are as follows:

Annual required contribution	\$ 5,133,001
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>5,133,001</u>
Contributions made	<u>(4,391,305)</u>
Increase in net OPEB obligation (asset)	741,696
Net OPEB obligation (asset), beginning of year	<u>-</u>
Net OPEB obligation (asset), end of year	<u>\$ 741,696</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2007, which is the first year for OPEB obligation determination, was as follows:

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation (asset)</u>
12/31/07	\$5,133,001	\$4,391,305	85.5%	\$741,696

Funded Status and Funding Progress. The funded status of the Plan as of December 31, 2006, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 70,170,573
Actuarial value of plan assets	<u>4,256,725</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 65,913,848</u>
Funded ratio	6.1%
Covered payroll (active plan members)	\$ 20,158,277
UAAL as a percentage of covered payroll	327.0%

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

Actuarial valuation date	12/31/06
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years

Actuarial assumptions:

Investment rate of return	8.0%
Projected salary increases	5.0%
Healthcare inflation rate	5.0%

Employee Retirement System and Plan

General

The County administers the Jackson County Employees' Retirement System ("Plan"), a single-employer defined benefit plan provided by authority of Section 12a of Act No. 156 of the Public Acts of 1851, which was adopted and established by the County in accordance with Michigan Compiled Laws Section 46.12a. The Plan is included as a pension trust fund in the County's financial statements and a stand-alone financial report of the Plan has not been issued. Employer and employee contributions and benefit provisions are authorized and may be amended by County Board resolution and benefits may vary pursuant to collective bargaining agreements.

Substantially all full-time employees are covered by the Plan. The Plan is a defined benefit plan which pays upon retirement a benefit range (depending on Group) calculated at 2%, 2.25% or 2.5% of final average compensation times years of credited service. Generally, retirement may begin at age 60 with eight (8) years continuous service or as early as age 55 with ten (10) years continuous service with a reduction in the benefit. Non-union retirement may begin at age 55 with 10 years of credited service or age 60 with 8 or more years of service. Effective with new hires starting employment 1/1/2006 and after, employee will be eligible to retire at any age with 30 years of service, age 55 with 25 years of service and age 60 with 10 years of service.

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

Membership in the Plan consisted of the following at December 31, 2006, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	599
Terminated plan members entitled to, but not yet receiving benefits	77
Active plan members	<u>833</u>
Total	<u>1,509</u>

Employee Contributions

Eligible employees are required to contribute 2.50% to 7.85% of their annual compensation to the Plan. Such aggregate contributions amounted to \$1,888,861 for the year ended December 31, 2007.

Employer Contributions

The County made \$2,324,800 in contributions to the Plan during 2007, as determined by actuarial valuation.

Summary of Significant Accounting Policies

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The County's contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

The Plan's investments are reported at fair value for investment accounts and are held at a commercial bank acting as a custodian. Short-term investments are reported at cost, which approximates fair value. Fair value of other securities is determined by the mean of the most recent bid and asked prices as obtained from dealers that make markets in such securities. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under direction of the Pension Board, with the assistance of a valuation service. Administrative costs of the Plan are financed through investment earnings.

Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution/pension cost	\$ 2,324,801
Contribution made	<u>2,324,801</u>
Increase (decrease) in net pension obligation	-
Net pension obligation, beginning of year	<u>-</u>
Net pension obligation, end of year	<u>\$ -</u>

The annual required contribution for the current year was determined as part of a December 31, 2004 actuarial valuation using the entry age normal contribution method. The actuarial assumptions included 8% investment rate of return on the investments, compounded annually and projected salary increases of 5% per year compounded annually, attributable to inflation, and additional projected salary increases ranging from 0 to 3.8% per year, depending on age, attributable to seniority/merit. The actuarial value of assets was determined using techniques

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

that smooth the effects of short-term volatility in the fair value of investments over a four-year period. Assets in excess of actuarial accrued liabilities are being amortized as a level percent of payroll over a period of 10 years on an open basis.

Three-Year Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/05	\$2,110,032	100%	\$ -
12/31/06	2,047,588	100%	-
12/31/07	2,324,801	100%	-

Stand alone financial reports have not been issued for the Pension nor the Retiree Health Plan. A summary of the financial results for these Plans is as follows:

	<u>Pension Retirement</u>	<u>Retiree Health</u>	<u>Total</u>
ASSETS			
Pooled cash and cash equivalents	\$ 101,218	\$ 332,617	\$ 433,835
Cash and cash equivalents	337,755	-	337,755
Investments, at fair value:			
Money market funds	6,955,336	130,853	7,086,189
U.S. Government Obligations	14,566,723	1,283,022	15,849,745
Domestic corporate bonds	24,586,876	198,000	24,784,876
Domestic stocks	42,783,916	3,385,143	46,169,059
Index stock fund	27,701,435	-	27,701,435
International bonds	1,355,795	-	1,355,795
International stocks	27,083,741	-	27,083,741
Accounts receivable	575,097	-	575,097
Prepaid expenses	586,275	-	586,275
Accrued interest	449,323	-	449,323
Total assets	147,083,490	5,329,635	152,413,125
LIABILITIES			
Accrued payroll	1,715	-	1,715
Accrued compensated absences	9,474	-	9,474
	11,189	-	11,189
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
	<u>\$ 147,072,301</u>	<u>\$ 5,329,635</u>	<u>\$ 152,401,936</u>

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Continued

	Pension	Retiree Health	Total
ADDITIONS			
Contributions:			
Employee Contributions	\$ 1,888,860	\$ -	\$ 1,888,860
Employer Contributions	2,324,801	-	2,324,801
Other	-	1,212,210	1,212,210
Total contributions	4,213,661	1,212,210	5,425,871
Investment income			
Net appreciation in fair value of investments	9,352,085	272,645	9,624,730
Interest and dividends	3,261,617	163,690	3,425,307
Total investment income	12,613,702	436,335	13,050,037
Less investment expense	(715,702)	-	(715,702)
Net investment income	11,898,000	436,335	12,334,335
Total additions (net)	16,111,661	1,648,545	17,760,206
DEDUCTIONS			
Benefits	8,488,419	1,196,725	9,685,144
Refunds of contributions	506,969	-	506,969
Administrative expense	245,173	53,860	299,033
Total deductions	9,240,561	1,250,585	10,491,146
Net increase	6,871,100	397,960	7,269,060
NET ASSETS, held in trust for pension and retiree healthcare benefits			
Beginning of year	140,201,201	4,931,675	145,132,876
End of year	\$ 147,072,301	\$ 5,329,635	\$ 152,401,936

JACKSON COUNTY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

For The Fiscal Year Ended December 31, 2007

Concluded

D. Municipal Solid Waste Landfill Closure and Postclosure Care Costs

The \$1,770,000 reported within the Resource and Energy Conversion System Enterprise Fund as estimated closure and postclosure monitoring costs at December 31, 2007 represents the estimated costs to perform remaining postclosure care and monitoring through 2021. The County has closed all landfills and ash monofill cells in 1995 and 1996. Actual remaining cost may be higher or lower due to inflation, changes in technology, or changes in regulations.

E. Restatements

Beginning net assets in the Foreclosure Tax Administration fund were increased by \$250,000 to account for an advance to the Land Bank Authority component unit, which was erroneously classified as an expense in the prior year.

In January 2008, The Michigan Council on Governmental Accounting (MCGA) issued Statement No. 14 – Funding of Retiree Health Care Obligations. This statement clarifies that contributions to plans created under the authority of Public Act 149 of 1999 (PA 149) are the equivalent to contributions to a trust arrangement. As a result of this clarification, the Road Commission component unit elected to write off an asset of \$674,950 it had been reporting on its financial statements. This asset write-off reduced opening fund balance accordingly.

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**GASB STATEMENT 25 REQUIRED
SUPPLEMENTARY INFORMATION**

GASB 25 AND 27 REQUIRED SUPPLEMENTARY INFORMATION
Employee Retirement System

SCHEDULE OF FUNDING PROGRESS (IN THOUSANDS)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of of Covered Payroll
1995 (a)	\$68,283	\$57,717	118.3%	(\$10,566)	\$23,040	-%
1996 (a)	76,326	60,129	126.9	(16,197)	22,999	-
1997 (a)	87,010	64,468	135.0	(22,542)	23,802	-
1998	100,030	68,577	145.9	(31,453)	24,209	-
1999 (a)	112,224	77,492	144.8	(34,732)	26,781	-
2000 (a)	120,724	84,373	143.1	(36,351)	27,224	-
2001 (a)	124,551	92,102	135.2	(32,449)	29,687	-
2002 (a)	120,693	104,222	115.8	(16,471)	29,763	-
2003 (a)	118,340	112,314	105.4	(6,026)	29,566	-
2004	121,005	121,440	99.6	435	31,519	-
2005	125,487	128,872	97.4	3,385	31,441	10.8%
2006	137,122	135,894	100.9	(1,228)	30,779	-

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended 12/31	Computed as Percents of Valuation Payroll*	Computed Dollar Contributions Based on Projected Payroll#	Annual Required Contributions on Actual Payroll	Percentage Contributed
1996	2.70%	\$614,524	\$645,115	100%
1997	3.35	830,477	780,271	100
1998	1.05	262,012	254,050	100
1999	0.22	55,039	59,036	100
2000	0.00	-	-	100
2001	0.00	-	-	100
2002	0.00	-	-	100
2003	0.00	-	-	100
2004	4.33	1,477,934	1,477,934	100
2005	6.90	2,110,032	2,110,032	100
2006	6.96	2,047,588	2,047,588	100
2007	7.57	2,324,801	2,324,801	100

GASB STATEMENT NO. 25
REQUIRED SUPPLEMENTARY INFORMATION
Employee Retirement System

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date:	December 31, 2006
Actuarial Cost Method	Individual Entry Age
Amortization Method	Level percent of payroll
Remaining amortization period	Overfunded: 10 years (open) Underfunded: 30 year (open)
Asset valuation method:	4 years smoothed market
Investment rate of return	8.00%
Projected salary increases	5.0% - 8.8%
Includes inflation at	5.00%
Cost-of-living adjustments	none

The following members were included in the December 31, 2006 actuarial valuation:

Retirees and Beneficiaries receiving benefits and DROP members	599
Terminated plan members entitled to but not yet receiving benefits	77
Active plan members	<u>833</u>
Total	<u><u>1,509</u></u>

GASB 25 AND 27 REQUIRED SUPPLEMENTARY INFORMATION
Retiree Health Plan

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL (UAAL)</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of of Covered Payroll</u>
12/31/06	\$ 4,256,725	\$ 70,170,573	6.1%	\$ 65,913,848	\$ 20,158,277	327.0%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation (asset)</u>
12/31/07	\$ 5,133,001	\$ 4,391,305	85.55%	\$ 741,696

**COMBINING and INDIVIDUAL FUND FINANCIAL
STATEMENTS and SCHEDULES**

COUNTY OF JACKSON, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
DECEMBER 31, 2007

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<hr/>				
<u>ASSETS</u>				
ASSETS				
Pooled cash and cash equivalents	\$ 6,310,304	\$ 1,732,901	\$ 147,260	\$ 8,190,465
Cash and cash equivalents	52,902	-	3,056	55,958
Accounts receivable	17,571	-	-	17,571
Taxes receivable	2,955,960	-	-	2,955,960
Due from other governmental units	516,140	-	-	516,140
Inventory, at cost	138,387	-	-	138,387
<hr/>				
<u>TOTAL ASSETS</u>	\$ 9,991,264	\$ 1,732,901	\$ 150,316	\$ 11,874,481
<hr/>				
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 383,229	\$ 22,409	\$ 371	\$ 406,009
Accrued payroll	129,466	-	-	129,466
Advance from other funds	500,000	-	-	500,000
Due to other governmental units	118,492	-	-	118,492
Deferred revenue	3,080,343	-	-	3,080,343
<hr/>				
Total liabilities	4,211,530	22,409	371	4,234,310
<hr/>				
FUND BALANCES				
Reserved for inventories	138,387	-	-	138,387
Unreserved:				
Designated for future expenditures	996,322	-	-	996,322
Undesignated	4,645,025	1,710,492	149,945	6,505,462
<hr/>				
Total fund balances	5,779,734	1,710,492	149,945	7,640,171
<hr/>				
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 9,991,264	\$ 1,732,901	\$ 150,316	\$ 11,874,481
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COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
FOR THE YEAR ENDED DECEMBER 31, 2007

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUE				
Licenses, fees, taxes and permits	\$ 12,863	\$ -	\$ -	\$ 12,863
Property taxes	3,024,742	-	-	3,024,742
Intergovernmental	5,872,522	85,087	-	5,957,609
Charges for services	1,416,789	-	-	1,416,789
Fines and forfeitures	269,415	-	-	269,415
Interest and rentals	530,227	-	5,127	535,354
Donations	230,953	-	18,559	249,512
Other revenue	566,865	1,014,248	-	1,581,113
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	11,924,376	1,099,335	23,686	13,047,397
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current:				
General government	119,177	-	-	119,177
Judicial	5,218,384	-	-	5,218,384
Public safety	2,833,776	-	-	2,833,776
Health and welfare	2,262,085	-	-	2,262,085
Recreation and cultural	2,080,699	-	-	2,080,699
Community development	2,693,914	-	-	2,693,914
Other functions	-	-	10,296	10,296
Capital outlay	-	1,428,436	-	1,428,436
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	15,208,035	1,428,436	10,296	16,646,767
	<hr/>	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(3,283,659)	(329,101)	13,390	(3,599,370)
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,460,725	832,397	-	7,293,122
Transfers (out)	(3,640,804)	(764,364)	-	(4,405,168)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	2,819,921	68,033	-	2,887,954
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	(463,738)	(261,068)	13,390	(711,416)
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE , Beginning of year	6,243,472	1,971,560	136,555	8,351,587
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCE, End of year	\$ 5,779,734	\$ 1,710,492	\$ 149,945	\$ 7,640,171
	<hr/>	<hr/>	<hr/>	<hr/>

COUNTY OF JACKSON, MICHIGAN
Combining Balance Sheet
Nonmajor Special Revenue Funds
DECEMBER 31, 2007

	Parks Commission	Friend of the Court	Public Improvement and Building
<u>ASSETS</u>			
ASSETS			
Pooled cash and cash equivalents	\$ 37,630	\$ 445,965	\$ 767,399
Cash and cash equivalents	225	-	-
Accounts receivable	-	6,497	-
Taxes receivable	-	-	-
Due from other governmental units	-	332,698	-
Inventory, at cost	69,055	-	-
	<hr/>	<hr/>	<hr/>
<u>TOTAL ASSETS</u>	\$ 106,910	\$ 785,160	\$ 767,399
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 7,419	\$ 9,852	\$ -
Accrued payroll	8,901	73,228	-
Advance from other funds	-	500,000	-
Due to other governmental units	-	-	-
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	16,320	583,080	-
	<hr/>	<hr/>	<hr/>
FUND BALANCES			
Reserved for inventories	69,055	-	-
Unreserved:			
Designated for future expenditures	-	144,709	79,090
Undesignated	21,535	57,371	688,309
	<hr/>	<hr/>	<hr/>
Total fund balances	90,590	202,080	767,399
	<hr/>	<hr/>	<hr/>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 106,910	\$ 785,160	\$ 767,399
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Budget Stabilization	Omnibus Forfeitures	Prosecuting Attorney Drug Enforcement	Drug Enforcement	County Law Library
\$ 947,924	\$ 70	\$ 83,067	\$ 97,205	\$ 5,293
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ 947,924	\$ 70	\$ 83,067	\$ 97,205	\$ 5,293

\$ -	\$ -	\$ 1,596	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	1,596	-	-
-	-	-	-	-
-	-	-	-	-
947,924	70	81,471	97,205	5,293
947,924	70	81,471	97,205	5,293
\$ 947,924	\$ 70	\$ 83,067	\$ 97,205	\$ 5,293

Continued on next page

COUNTY OF JACKSON, MICHIGAN
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
DECEMBER 31, 2007

	Michigan Justice Training	Social Services	Veteran's Trust
<u>ASSETS</u>			
ASSETS			
Pooled cash and cash equivalents	\$ 140,931	\$ 204,890	\$ 378
Cash and cash equivalents	-	50,677	-
Accounts receivable	-	-	-
Taxes receivable	-	-	-
Due from other governmental units	-	-	-
Inventory, at cost	-	-	-
	<hr/>	<hr/>	<hr/>
<u>TOTAL ASSETS</u>	\$ 140,931	\$ 255,567	\$ 378
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 575	\$ 16,829	\$ -
Accrued payroll	-	-	-
Advance from other funds	-	-	-
Due to other governmental units	-	118,492	-
Deferred revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	575	135,321	-
	<hr/>	<hr/>	<hr/>
FUND BALANCES			
Reserved for inventories	-	-	-
Unreserved:			
Designated for future expenditures	-	-	-
Undesignated	140,356	120,246	378
	<hr/>	<hr/>	<hr/>
Total fund balances	140,356	120,246	378
	<hr/>	<hr/>	<hr/>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 140,931	\$ 255,567	\$ 378
	<hr/>	<hr/>	<hr/>

Airport	Joint Narcotics	Community Development Block Grant	Register of Deeds Automation Fund	Airport Runway Project
\$ 45,774	\$ 260,588	\$ -	\$ 588,005	\$ 514,448
100	-	-	-	-
10,162	-	-	-	-
-	-	-	-	-
-	-	3,318	-	-
-	-	-	-	-
\$ 56,036	\$ 260,588	\$ 3,318	\$ 588,005	\$ 514,448

\$ 10,462	\$ 10,256	\$ 3,318	\$ 14,290	\$ 150,875
4,528	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
14,990	10,256	3,318	14,290	150,875
-	-	-	-	-
-	-	-	474,000	-
41,046	250,332	-	99,715	363,573
41,046	250,332	-	573,715	363,573
\$ 56,036	\$ 260,588	\$ 3,318	\$ 588,005	\$ 514,448

Continued on next page

COUNTY OF JACKSON, MICHIGAN
Combining Balance Sheet (Concluded)
Nonmajor Special Revenue Funds
DECEMBER 31, 2007

	Child Care	Golf Courses	Jail Millage
<u>ASSETS</u>			
ASSETS			
Pooled cash and cash equivalents	\$ 1,197,189	\$ 3,134	\$ 420,479
Cash and cash equivalents	900	1,000	-
Accounts receivable	912	-	-
Taxes receivable	-	-	1,958,492
Due from other governmental units	180,124	-	-
Inventory, at cost	-	69,332	-
	<hr/>	<hr/>	<hr/>
<u>TOTAL ASSETS</u>	\$ 1,379,125	\$ 73,466	\$ 2,378,971
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 25,237	\$ 877	\$ -
Accrued payroll	39,661	3,148	-
Advance from other funds	-	-	-
Due to other governmental units	-	-	-
Deferred revenue	1,343	-	2,040,000
	<hr/>	<hr/>	<hr/>
Total liabilities	66,241	4,025	2,040,000
	<hr/>	<hr/>	<hr/>
FUND BALANCES			
Reserved for inventories	-	69,332	-
Unreserved:			
Designated for future expenditures	244,280	-	54,243
Undesignated	1,068,604	109	284,728
	<hr/>	<hr/>	<hr/>
Total fund balances	1,312,884	69,441	338,971
	<hr/>	<hr/>	<hr/>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 1,379,125	\$ 73,466	\$ 2,378,971
	<hr/>	<hr/>	<hr/>

Department on Aging Millage	Falling Waters Trail	Total
\$ 365,836	\$ 184,099	\$ 6,310,304
-	-	52,902
-	-	17,571
997,468	-	2,955,960
-	-	516,140
-	-	138,387
\$ 1,363,304	\$ 184,099	\$ 9,991,264

\$ -	\$ 131,643	\$ 383,229
-	-	129,466
-	-	500,000
-	-	118,492
1,039,000	-	3,080,343

1,039,000	131,643	4,211,530
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-	-	138,387
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-	-	996,322
324,304	52,456	4,645,025

324,304	52,456	5,779,734
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\$ 1,363,304	\$ 184,099	\$ 9,991,264
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COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Special Revenue Funds
FOR THE YEAR ENDED DECEMBER 31, 2007

	Parks Commission	Friend of the Court	Public Improvement and Building
REVENUE			
Licenses, fees, taxes and permits	\$ -	\$ -	\$ -
Property taxes	-	-	-
Intergovernmental	-	2,438,794	-
Charges for services	259,218	341,741	-
Fines and forfeitures	-	-	-
Interest and rentals	-	-	22,622
Donations	-	-	300
Other revenue	-	-	430,798
	<hr/>	<hr/>	<hr/>
Total revenue	259,218	2,780,535	453,720
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
General government	-	-	-
Judicial	-	2,786,257	653,703
Public safety	-	-	-
Health and welfare	-	-	-
Recreation and cultural	935,898	-	-
Community development	-	-	1,804,818
	<hr/>	<hr/>	<hr/>
Total expenditures	935,898	2,786,257	2,458,521
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(676,680)	(5,722)	(2,004,801)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	665,423	133,725	582,800
Transfers (out)	(42,176)	-	(384,157)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	623,247	133,725	198,643
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(53,433)	128,003	(1,806,158)
	<hr/>	<hr/>	<hr/>
FUND BALANCE , Beginning of year	144,023	74,077	2,573,557
	<hr/>	<hr/>	<hr/>
FUND BALANCE, End of year	\$ 90,590	\$ 202,080	\$ 767,399
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Budget Stabilization		Omnibus Forfeitures		Prosecuting Attorney Drug Enforcement		Drug Enforcement		County Law Library	
\$	-	\$	-	\$	-	\$	-	\$	-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		301		20,518		60,328		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		6,500
	-		301		20,518		60,328		6,500
	-		-		-		-		-
	-		2,130		14,886		-		6,497
	-		-		-		8,565		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		2,130		14,886		8,565		6,497
	-		(1,829)		5,632		51,763		3
500,000	-		-		-		-		-
-	-		-		-		-		-
500,000	-		-		-		-		-
500,000	-		(1,829)		5,632		51,763		3
447,924	-		1,899		75,839		45,442		5,290
\$	947,924	\$	70	\$	81,471	\$	97,205	\$	5,293

Continued on next page

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
FOR THE YEAR ENDED DECEMBER 31, 2007

	Michigan Justice Training	Social Services	Veteran's Trust
REVENUE			
Licenses, fees, taxes and permits	\$ -	\$ -	\$ -
Property taxes	-	-	-
Intergovernmental	11,942	952,968	41,924
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest and rentals	-	-	-
Donations	-	-	-
Other revenue	57,780	-	-
	<hr/>	<hr/>	<hr/>
Total revenue	69,722	952,968	41,924
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
General government	-	-	-
Judicial	-	-	-
Public safety	32,237	-	-
Health and welfare	-	918,938	43,785
Recreation and cultural	-	-	-
Community development	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	32,237	918,938	43,785
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	37,485	34,030	(1,861)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	29,000	-
Transfers (out)	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	29,000	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	37,485	63,030	(1,861)
	<hr/>	<hr/>	<hr/>
FUND BALANCE , Beginning of year	102,871	57,216	2,239
	<hr/>	<hr/>	<hr/>
FUND BALANCE, End of year	<u><u>\$ 140,356</u></u>	<u><u>\$ 120,246</u></u>	<u><u>\$ 378</u></u>

Airport		Joint Narcotics	Community Development Block Grant	Register of Deeds Automation Fund	Airport Runway Project
\$	12,863	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-
	-	-	197,673	-	13,259
	15,086	-	-	163,260	-
	-	188,268	-	-	-
	309,969	12,976	-	26,553	-
	-	-	-	-	-
	49,183	-	-	-	-
	387,101	201,244	197,673	189,813	13,259
	-	-	-	119,177	-
	-	129,266	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	488,927	-	197,673	-	202,496
	488,927	129,266	197,673	119,177	202,496
	(101,826)	71,978	-	70,636	(189,237)
	122,521	-	-	-	50,000
	(27,890)	(54,008)	-	-	-
	94,631	(54,008)	-	-	50,000
	(7,195)	17,970	-	70,636	(139,237)
	48,241	232,362	-	503,079	502,810
\$	41,046	\$ 250,332	\$ -	\$ 573,715	\$ 363,573

Continued on next page

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances (Concluded)
Nonmajor Special Revenue Funds
FOR THE YEAR ENDED DECEMBER 31, 2007

	Child Care	Golf Courses	Jail Millage
REVENUE			
Licenses, fees, taxes and permits	\$ -	\$ -	\$ -
Property taxes	-	-	2,010,747
Intergovernmental	2,215,962	-	-
Charges for services	26,236	611,248	-
Fines and forfeitures	-	-	-
Interest and rentals	158,107	-	-
Donations	-	-	-
Other revenue	8,836	-	7,058
Total revenue	2,409,141	611,248	2,017,805
EXPENDITURES			
Current:			
General government	-	-	-
Judicial	1,625,645	-	-
Public safety	2,792,974	-	-
Health and welfare	1,299,362	-	-
Recreation and cultural	-	582,447	-
Community development	-	-	-
Total expenditures	5,717,981	582,447	-
Revenue over (under) expenditures	(3,308,840)	28,801	2,017,805
OTHER FINANCING SOURCES (USES)			
Transfers in	3,902,976	90,123	-
Transfers (out)	-	(87,700)	(2,057,865)
Total other financing sources (uses)	3,902,976	2,423	(2,057,865)
Net change in fund balances	594,136	31,224	(40,060)
FUND BALANCE , Beginning of year	718,748	38,217	379,031
FUND BALANCE, End of year	\$ 1,312,884	\$ 69,441	\$ 338,971

Department on Aging Millage	Falling Waters Trail	Total
\$ -	\$ -	\$ 12,863
1,013,995	-	3,024,742
-	-	5,872,522
-	-	1,416,789
-	-	269,415
-	-	530,227
-	230,653	230,953
6,710	-	566,865
1,020,705	230,653	11,924,376
-	-	119,177
-	-	5,218,384
-	-	2,833,776
-	-	2,262,085
-	562,354	2,080,699
-	-	2,693,914
-	562,354	15,208,035
1,020,705	(331,701)	(3,283,659)
-	384,157	6,460,725
(987,008)	-	(3,640,804)
(987,008)	384,157	2,819,921
33,697	52,456	(463,738)
290,607	-	6,243,472
\$ 324,304	\$ 52,456	\$ 5,779,734

COUNTY OF JACKSON, MICHIGAN
PARKS COMMISSION FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Charges for services:			
Cascades Falls	\$ 133,142	\$ 130,298	\$ (2,844)
Parks	125,514	128,920	3,406
Total revenue	258,656	259,218	562
EXPENDITURES			
Recreation and cultural:			
Administration	283,485	273,274	10,211
Cascades Falls	90,802	88,086	2,716
Parks	201,097	192,913	8,184
Equipment and Shop	308,670	306,248	2,422
Out-County parks	87,417	75,377	12,040
Total expenditures	971,471	935,898	35,573
Revenue over (under) expenditures	(712,815)	(676,680)	36,135
OTHER FINANCING SOURCES (USES)			
County appropriation	578,430	578,430	-
Transfers in	106,316	86,993	(19,323)
Transfers (out)	(42,176)	(42,176)	-
Total other financing sources	642,570	623,247	(19,323)
Net change in fund balances	(70,245)	(53,433)	16,812
FUND BALANCE, Beginning of year	144,023	144,023	-
FUND BALANCE, End of year	\$ 73,778	\$ 90,590	\$ 16,812

**COUNTY OF JACKSON, MICHIGAN
FRIEND OF THE COURT FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 2,408,298	\$ 2,438,794	\$ 30,496
Charges for services - fees	327,319	341,741	14,422
	<hr/>	<hr/>	<hr/>
Total revenue	2,735,617	2,780,535	44,918
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Judicial:			
Personnel services	2,875,904	2,786,257	89,647
	<hr/>	<hr/>	<hr/>
Revenue under expenditures	(140,287)	(5,722)	(44,729)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES			
Transfers in	140,287	133,725	(6,562)
	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	128,003	128,003
	<hr/>	<hr/>	<hr/>
FUND BALANCE, Beginning of year	74,077	74,077	-
	<hr/>	<hr/>	<hr/>
FUND BALANCE, End of year	\$ 74,077	\$ 202,080	\$ 128,003
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COUNTY OF JACKSON, MICHIGAN
PUBLIC IMPROVEMENT AND BUILDING FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Interest - General	\$ 70,000	\$ 22,622	\$ (47,378)
Donations	-	300	300
Miscellaneous revenue	479,376	430,798	(48,578)
	<hr/>	<hr/>	<hr/>
Total revenue	549,376	453,720	(95,656)
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Repairs and maintenance:			
Judicial - Juvenile	111,528	62,673	48,855
Judicial - Courthouse	652,139	591,030	61,109
Parks	71,476	-	71,476
Other - General	733,719	502,605	231,114
Capital outlay	1,300,000	1,302,213	(2,213)
	<hr/>	<hr/>	<hr/>
Total expenditures	2,868,862	2,458,521	410,341
	<hr/>	<hr/>	<hr/>
Revenue over (under) expenditures	(2,319,486)	(2,004,801)	314,685
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES			
Transfers in	582,800	582,800	-
Transfers (out)	(384,157)	(384,157)	-
	<hr/>	<hr/>	<hr/>
Total other financing sources	198,643	198,643	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(2,120,843)	(1,806,158)	314,685
	<hr/>	<hr/>	<hr/>
FUND BALANCE, Beginning of year	2,573,557	2,573,557	-
	<hr/>	<hr/>	<hr/>
FUND BALANCE, End of year	\$ 452,714	\$ 767,399	\$ 314,685
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**COUNTY OF JACKSON, MICHIGAN
BUDGET STABILIZATION FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Amended Budget	Actual	Variance - Positive (Negative)
OTHER FINANCING (USES)			
Transfers in	\$ 500,000	500,000	\$ -
Transfers (out)	-	-	-
Total other financing sources (uses)	500,000	500,000	-
FUND BALANCE, Beginning of year	447,924	447,924	-
FUND BALANCE, End of year	\$ 947,924	\$ 947,924	\$ -

**COUNTY OF JACKSON, MICHIGAN
OMNIBUS FORFEITURES FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	\$ 2,500	\$ 301	\$ (2,199)
EXPENDITURES			
Judicial costs	2,500	2,130	370
Net change in fund balances	-	(1,829)	(1,829)
FUND BALANCE, Beginning of year	1,899	1,899	-
FUND BALANCE, End of year	\$ 1,899	\$ 70	\$ (1,829)

**COUNTY OF JACKSON, MICHIGAN
PROSECUTING ATTORNEY DRUG ENFORCEMENT FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	\$ 15,000	\$ 20,518	\$ 5,518
EXPENDITURES			
Judicial - Personnel costs	15,000	14,886	114
Net change in fund balances	-	5,632	5,632
FUND BALANCE, Beginning of year	75,839	75,839	-
FUND BALANCE, End of year	<u>\$ 75,839</u>	<u>\$ 81,471</u>	<u>\$ 5,632</u>

**COUNTY OF JACKSON, MICHIGAN
 DRUG ENFORCEMENT FUND
 SCHEDULE OF REVENUE, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2007**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	\$ 35,000	\$ 60,328	\$ 25,328
EXPENDITURES			
Public safety	35,000	8,565	26,435
Net change in fund balances	-	51,763	51,763
FUND BALANCE, Beginning of year	45,442	45,442	-
FUND BALANCE, End of year	\$ 45,442	\$ 97,205	\$ 51,763

**COUNTY OF JACKSON, MICHIGAN
COUNTY LAW LIBRARY FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	\$ 6,500	\$ 6,500	\$ -
EXPENDITURES			
Judicial	6,500	6,497	3
Net change in fund balances	-	3	3
FUND BALANCE, Beginning of year	5,290	5,290	-
FUND BALANCE, End of year	\$ 5,290	\$ 5,293	\$ 3

**COUNTY OF JACKSON, MICHIGAN
MICHIGAN JUSTICE TRAINING FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 11,700	\$ 11,942	\$ 242
Other revenue	45,000	57,780	12,780
Total revenue	56,700	69,722	13,022
EXPENDITURES			
Public Safety -			
Employee training	76,300	32,237	44,063
Net change in fund balances	(19,600)	37,485	57,085
FUND BALANCE, Beginning of year	102,871	102,871	-
FUND BALANCE, End of year	\$ 83,271	\$ 140,356	\$ 57,085

COUNTY OF JACKSON, MICHIGAN
SOCIAL SERVICES FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 871,000	\$ 952,968	\$ 81,968
EXPENDITURES			
Health and welfare	900,000	918,938	(18,938)
Revenue under expenditures	(29,000)	34,030	63,030
OTHER FINANCING SOURCES			
Tranfers in	29,000	29,000	-
Net change in fund balances	-	63,030	63,030
FUND BALANCE, Beginning of year	57,216	\$ 57,216	-
FUND BALANCE, End of year	\$ 57,216	\$ 120,246	\$ 63,030

**COUNTY OF JACKSON, MICHIGAN
VETERAN'S TRUST FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 50,000	\$ 41,924	\$ (8,076)
EXPENDITURES			
Health and welfare	50,000	43,785	6,215
Net change in fund balances	-	(1,861)	1,861
FUND BALANCE, Beginning of year	2,239	\$ 2,239	-
FUND BALANCE, End of year	\$ 2,239	\$ 378	\$ 1,861

COUNTY OF JACKSON, MICHIGAN
AIRPORT FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Licenses and permits -			
Commercial operating agreements	\$ 12,576	\$ 12,863	\$ 287
Charges for services:			
Landing fees	15,065	14,810	(255)
Aircraft parking	700	276	(424)
Interest and rentals:			
Ground leases	75,330	73,861	(1,469)
Other leases	47,346	47,346	-
Air traffic control tower rental	62,120	62,120	-
Restaurant lease	16,896	17,523	627
Other rentals	108,073	109,119	1,046
Other:			
Advertising	4,800	4,918	118
Utilities reimbursements	12,100	12,074	(26)
Aviation fuel flow charges	16,800	18,519	1,719
Other	13,700	13,672	(28)
Total revenue	385,506	387,101	1,595
EXPENDITURES			
Community development:			
Personnel services	260,312	259,382	930
Office and administration	2,700	2,735	(35)
Operating expenses	156,706	157,616	(910)
Repairs and maintenance	66,719	66,856	(137)
Utilities	3,000	2,188	812
Capital outlay	200	150	50
Total expenditures	489,637	488,927	710
Revenue under expenditures	(104,131)	(101,826)	2,305
OTHER FINANCING SOURCES (USES)			
Transfers in	122,521	122,521	-
Transfers (out)	(27,890)	(27,890)	-
Total other financing sources (uses)	94,631	94,631	-
Net change in fund balances	(9,500)	(7,195)	2,305
FUND BALANCE, Beginning of year	48,241	48,241	-
FUND BALANCE, End of year	\$ 38,741	\$ 41,046	\$ 2,305

**COUNTY OF JACKSON, MICHIGAN
JOINT NARCOTICS FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Fines and forfeitures	\$ 265,000	\$ 188,268	\$ (76,732)
Interest revenue	10,000	12,976	2,976
Total revenue	275,000	201,244	(73,756)
EXPENDITURES			
Judicial	220,992	129,266	91,726
Revenue over expenditures	54,008	71,978	17,970
OTHER FINANCING (USES)			
Transfers (out)	(54,008)	(54,008)	-
Net change in fund balances	-	17,970	17,970
FUND BALANCE, Beginning of year	232,362	232,362	-
FUND BALANCE, End of year	\$ 232,362	\$ 250,332	\$ 17,970

**COUNTY OF JACKSON, MICHIGAN
COMMUNITY DEVELOPMENT BLOCK GRANT
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 309,000	\$ 197,673	\$ (111,327)
EXPENDITURES			
Community development	309,000	197,673	111,327
Net change in fund balances	-	-	-
FUND BALANCE, Beginning of year	-	-	-
FUND BALANCE, End of year	\$ -	\$ -	\$ -

**COUNTY OF JACKSON, MICHIGAN
REGISTER OF DEEDS AUTOMATION FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Charges for services	\$ 161,000	\$ 163,260	\$ 2,260
Interest revenue	-	26,553	26,553
Total revenue	161,000	189,813	28,813
EXPENDITURES			
General government	172,500	119,177	53,323
Net change in fund balances	(11,500)	70,636	82,136
FUND BALANCE, Beginning of year	503,079	503,079	-
FUND BALANCE, End of year	\$ 491,579	\$ 573,715	\$ 82,136

**COUNTY OF JACKSON, MICHIGAN
AIRPORT RUNWAY PROJECT
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 10,000	13,259	3,259
EXPENDITURES			
Community development	205,000	202,496	2,504
Revenue (under) expenditures	(195,000)	(189,237)	5,763
OTHER FINANCING SOURCES			
Transfers in	50,000	50,000	-
Net change in fund balances	(145,000)	(139,237)	5,763
FUND BALANCE, Beginning of year	502,810	502,810	-
FUND BALANCE, End of year	\$ 357,810	\$ 363,573	\$ 5,763

**COUNTY OF JACKSON, MICHIGAN
CHILD CARE FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 2,253,626	\$ 2,215,962	\$ (37,664)
Charges for services - FIA	30,000	26,236	(3,764)
Other:			
Rentals - Youth Home	29,350	158,107	128,757
Other	3,000	8,836	5,836
Total revenue	2,315,976	2,409,141	93,165
EXPENDITURES			
Judicial - Probate Court - Child Care	2,025,800	1,625,645	400,155
Public Safety:			
Youth Center:			
General	1,279,388	1,300,699	(21,311)
Cooks	121,601	121,257	344
Building maintenance	176,762	176,667	95
Supervision	492,858	492,722	136
Administration	704,716	701,629	3,087
Total public safety	2,775,325	2,792,974	(17,649)
Health and Welfare:			
In Home Detention	79,645	74,718	4,927
Intensive Probation	48,967	44,729	4,238
Child Care	1,080,000	977,582	102,418
JCCP	209,215	202,333	6,882
Total health and welfare	1,417,827	1,299,362	118,465
Total expenditures	6,218,952	5,717,981	500,971
Revenue over (under) expenditures	(3,902,976)	(3,308,840)	594,136
OTHER FINANCING SOURCES			
Transfers in	3,902,976	3,902,976	-
Net change in fund balances	-	594,136	594,136
FUND BALANCE, Beginning of year	718,748	718,748	-
FUND BALANCE, End of year	\$ 718,748	\$ 1,312,884	\$ 594,136

COUNTY OF JACKSON, MICHIGAN
GOLF COURSES
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Charges for services:			
Cascades Golf Course	591,100	529,661	(61,439)
Cascades Short Course	111,300	81,587	(29,713)
Total revenue	702,400	611,248	(91,152)
EXPENDITURES			
Recreation and cultural:			
Cascades Golf Course	550,299	546,149	4,150
Cascades Short Course	46,709	36,298	10,411
Total expenditures	597,008	582,447	14,561
Revenue over (under) expenditures	105,392	28,801	(76,591)
OTHER FINANCING SOURCES (USES)			
Transfers in	70,800	90,123	19,323
Transfers (out)	(87,700)	(87,700)	-
Total other financing sources	(16,900)	2,423	19,323
Net change in fund balances	88,492	31,224	(57,268)
FUND BALANCE, Beginning of year	38,217	38,217	-
FUND BALANCE, End of year	\$ 126,709	\$ 69,441	\$ (57,268)

COUNTY OF JACKSON, MICHIGAN
JAIL MILLAGE FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Property tax revenue	\$ 1,990,000	\$ 2,010,747	\$ 20,747
Other revenue	-	7,058	7,058
Total revenue	1,990,000	2,017,805	27,805
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(2,058,595)	(2,057,865)	730
Net change in fund balances	(68,595)	(40,060)	28,535
FUND BALANCE, Beginning of year	379,031	379,031	-
FUND BALANCE, End of year	\$ 310,436	\$ 338,971	\$ 28,535

**COUNTY OF JACKSON, MICHIGAN
DEPARTMENT ON AGING MILLAGE
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Property tax revenue	\$ 1,012,000	\$ 1,013,995	\$ 1,995
Other revenue	-	6,710	6,710
Total revenue	1,012,000	1,020,705	8,705
OTHER FINANCING (USES)			
Transfers (out)	(987,008)	(987,008)	-
Net change in fund balances	24,992	33,697	8,705
FUND BALANCE, Beginning of year	290,607	290,607	-
FUND BALANCE, End of year	\$ 315,599	\$ 324,304	\$ 8,705

**COUNTY OF JACKSON, MICHIGAN
FALLING WATERS TRAIL
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE			
Intergovernmental	\$ 731,689	-	(731,689)
Donations	569,500	230,653	(338,847)
	1,301,189	230,653	(1,070,536)
EXPENDITURES			
Recreation and culture	1,702,219	562,354	1,139,865
Revenue (under) expenditures	(401,030)	(331,701)	69,329
OTHER FINANCING SOURCES			
Transfers in	384,600	384,157	(443)
Net change in fund balances	(16,430)	52,456	68,886
FUND BALANCE, Beginning of year	-	-	-
FUND BALANCE (DEFICIT), End of year	\$ (16,430)	\$ 52,456	\$ 68,886

**COUNTY OF JACKSON, MICHIGAN
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2007**

		Sheriff				
	Equipment/ Replacement	Department Equipment	Building Authority	Justice Center		Total
<u>ASSETS</u>						
Pooled cash and cash equivalents	\$ 337,150	\$ 800,374	\$ 1,046	\$ 594,331	\$	1,732,901
<u>LIABILITIES AND FUND BALANCES</u>						
LIABILITIES						
Accounts payable	\$ 16,878	\$ 4,485	\$ 1,046	\$ -	\$	22,409
FUND BALANCES						
Unreserved:						
Undesignated	320,272	795,889	-	594,331		1,710,492
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	\$ 337,150	\$ 800,374	\$ 1,046	\$ 594,331	\$	1,732,901

**COUNTY OF JACKSON, MICHIGAN
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Equipment/ Replacement	Sheriff Department Equipment	Building Authority	Justice Center	Total
REVENUE					
Intergovernmental	\$ 77,267	\$ 7,820	\$ -	\$ -	\$ 85,087
Other	34,780	979,468	-	-	1,014,248
Total revenue	112,047	987,288	-	-	1,099,335
EXPENDITURES					
Current operations:					
Capital outlay	619,001	317,679	491,756	-	1,428,436
Revenue over (under) expenditures	(506,954)	669,609	(491,756)	-	(329,101)
OTHER FINANCING SOURCES (USES)					
Transfers in	673,969	-	-	158,428	832,397
Transfers (out)	-	(602,786)	(161,578)	-	(764,364)
Total other financing sources (uses)	673,969	(602,786)	(161,578)	158,428	68,033
Net change in fund balances	167,015	66,823	(653,334)	158,428	(261,068)
FUND BALANCE, Beginning of year	153,257	729,066	653,334	435,903	1,971,560
FUND BALANCE, End of year	\$ 320,272	\$ 795,889	\$ -	\$ 594,331	\$ 1,710,492

**COUNTY OF JACKSON, MICHIGAN
NONMAJOR PERMANENT FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2007**

<u>ASSETS</u>	Department on Aging Endowment	Preston Endowment	Cemetery Trust	Total
ASSETS				
Pooled cash and cash equivalents	\$ 34,583	\$ 112,677	\$ -	\$ 147,260
Cash and cash equivalents	-	-	3,056	3,056
<u>TOTAL ASSETS</u>	\$ 34,583	\$ 112,677	\$ 3,056	\$ 150,316
<u>LIABILITIES AND FUND BALANCE</u>				
LIABILITIES				
Accounts payable	\$ 371	\$ -	\$ -	\$ 371
FUND EQUITY				
Unreserved	34,212	112,677	3,056	149,945
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	\$ 34,583	\$ 112,677	\$ 3,056	\$ 150,316

**COUNTY OF JACKSON, MICHIGAN
NONMAJOR PERMANENT FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Department on Aging Endowment	Preston Endowment	Cemetery Trust	Total
OPERATING REVENUE				
Interest	\$ -	\$ 5,127	\$ -	\$ 5,127
Other revenue - Donations	18,559	-	-	18,559
Total operating revenue	18,559	5,127	-	23,686
OPERATING EXPENSES				
Cost of services	9,170	1,126	-	10,296
Revenue over expenditures	9,389	4,001	-	13,390
FUND BALANCE, Beginning of year	24,823	108,676	3,056	136,555
FUND BALANCE, End of year	\$ 34,212	\$ 112,677	\$ 3,056	\$ 149,945

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Net Assets
Nonmajor Enterprise Funds
DECEMBER 31, 2007

<u>ASSETS</u>	<u>Fair</u>	<u>Foreclosure Tax Administration</u>	<u>Soil Erosion</u>	<u>Personal Property Tax</u>	<u>Total</u>
ASSETS					
Current assets:					
Pooled cash and cash equivalents	\$ 114,712	\$ 319,244	\$ 27,607	\$ 397,416	\$ 858,979
Cash and cash equivalents	1,024	-	-	-	1,024
Accounts receivable	24,093	-	-	-	24,093
Advances to component units	-	250,000	-	-	250,000
Total current assets	139,829	569,244	27,607	397,416	1,134,096
Capital assets, net	1,134,966	-	-	1,843	1,136,809
<u>TOTAL ASSETS</u>	<u>1,274,795</u>	<u>569,244</u>	<u>27,607</u>	<u>399,259</u>	<u>2,270,905</u>
LIABILITIES					
Accounts payable	5,356	-	12,431	-	17,787
Accrued payroll	3,329	-	-	946	4,275
Performance bonds	-	-	34,200	-	34,200
Due to other governmental units	-	-	-	8,383	8,383
Due to other funds	238,048	233,352	-	-	471,400
Unearned revenue	16,656	-	-	-	16,656
Compensated absences payable	1,208	-	-	4,431	5,639
Total liabilities (all current)	264,597	233,352	46,631	13,760	558,340
Net assets					
Invested in capital assets	1,134,966	-	-	1,843	1,136,809
Unrestricted (deficit)	(124,768)	335,892	(19,024)	383,656	575,756
Total Net assets	<u>\$ 1,010,198</u>	<u>\$ 335,892</u>	<u>\$ (19,024)</u>	<u>\$ 385,499</u>	<u>\$ 1,712,565</u>

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Net Assets
Nonmajor Enterprise Funds
FOR THE YEAR ENDED DECEMBER 31, 2007

	Fair	Foreclosure Tax Administration	Soil Erosion	Personal Property Tax	Total
OPERATING REVENUE					
Charges for services - interest on taxes	\$ -	\$ -	\$ -	\$ 154,886	\$ 154,886
Charges for services	905,402	229,487	78,915	-	1,213,804
Other revenue	68,503	-	-	28,818	97,321
Total operating revenue	973,905	229,487	78,915	183,704	1,466,011
OPERATING EXPENSES					
Personnel services	339,064	-	-	61,176	400,240
Cost of services	669,918	-	97,396	-	767,314
Depreciation	82,269	-	-	614	82,883
Administration and other	21,141	233,853	851	8,561	264,406
Total operating expenses	1,112,392	233,853	98,247	70,351	1,514,843
Operating income (loss)	(138,487)	(4,366)	(19,332)	113,353	(48,832)
NON-OPERATING REVENUE (EXPENSES)					
Interest income	9,668	-	308	4,541	14,517
Interest expense	(14,635)	-	-	-	(14,635)
Total non-operating revenue (expenses)	(4,967)	-	308	4,541	(118)
Net income (loss) before transfers	(143,454)	(4,366)	(19,024)	117,894	(48,950)
TRANSFERS IN (OUT)					
Transfers in	-	-	32,754	-	32,754
Transfers (out)	-	-	-	(50,000)	(50,000)
Total transfers in (out)	-	-	32,754	(50,000)	(17,246)
Change in net assets	(143,454)	(4,366)	13,730	67,894	(66,196)
Net assets (deficit), beginning of year, as restated	1,153,652	340,258	(32,754)	317,605	1,778,761
Net assets (deficit), end of year	\$ 1,010,198	\$ 335,892	\$ (19,024)	\$ 385,499	\$ 1,712,565

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Fair</u>	<u>Foreclosure Tax Administration</u>	<u>Soil Erosion</u>	<u>Personal Property Tax</u>	<u>Total</u>
Cash flows from operating activities					
Cash received from customers, residents and users	\$ 898,491	\$ 229,487	\$ 78,915	\$ 25,721	\$ 1,232,614
Other operating receipts	68,503	-	-	28,818	97,321
Cash paid to employees	(350,577)	-	-	(61,026)	(411,603)
Cash paid to suppliers	(670,344)	(233,853)	(121,856)	(8,557)	(1,034,610)
Receipts for interfund services provided	(31,874)	233,352	-	-	201,478
Net cash provided by (used in) operating activities	(85,801)	228,986	(42,941)	(15,044)	85,200
Cash flows from capital and related financing activities					
Interest payments on long-term debt	(14,635)	-	-	-	(14,635)
Purchase of capital assets	(12,999)	-	-	-	(12,999)
Net cash (used in) capital and related financing activities	(27,634)	-	-	-	(27,634)
Cash flows from non-capital financing activities					
Transfers from other funds	-	-	32,754	-	32,754
Transfers to other funds	-	-	-	(50,000)	(50,000)
Net cash provided by (used in) non-capital financing activities	-	-	32,754	(50,000)	(17,246)
Cash flows from investing activities					
Interest income received	9,668	-	308	4,541	14,517
Net increase (decrease) in cash and cash equivalents	(103,767)	228,986	(9,879)	(60,503)	54,837
Cash and cash equivalents, beginning of year	219,503	90,258	37,486	457,919	805,166
Cash and cash equivalents, end of year	<u>\$ 115,736</u>	<u>\$ 319,244</u>	<u>\$ 27,607</u>	<u>\$ 397,416</u>	<u>\$ 860,003</u>

Continued...

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Cash Flows (Concluded)
Nonmajor Enterprise Funds
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Fair</u>	<u>Foreclosure Tax Administration</u>	<u>Soil Erosion</u>	<u>Personal Property Tax</u>	<u>Total</u>
Balance Sheet Classification of Cash					
Current assets - Cash and cash equivalents	\$ 115,736	\$ 319,244	\$ 27,607	\$ 397,416	\$ 860,003
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (138,487)	\$ (4,366)	\$ (19,332)	\$ 113,353	\$ (48,832)
Depreciation	82,269	-	-	614	82,883
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
(Increase) decrease in:					
Accounts receivable	(5,018)	-	-	-	(5,018)
Prepaid items	1,755	-	-	-	1,755
Increase (decrease) in:					
Accounts payable	(2,181)	-	(8,359)	4	(10,536)
Accrued wages and benefits	(11,513)	-	-	150	(11,363)
Performance bonds	-	-	(15,250)	-	(15,250)
Unearned revenue	(1,893)	-	-	-	(1,893)
Due to other agencies	(10,733)	233,352	-	(129,165)	93,454
Net cash provided by (used in) operating activities	\$ (85,801)	\$ 228,986	\$ (42,941)	\$ (15,044)	\$ 85,200

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Net Assets
Internal Service Funds
DECEMBER 31, 2007

<u>ASSETS</u>	Self-Insured Workers Compensation	City/County Telephone System	Self-Funded Managed Care Insurance	Land Use Planning	Graphic Information Systems	Total
CURRENT ASSETS						
Pooled cash and cash equivalents	\$ 43,891	\$ -	\$ 2,103,976	\$ 23,661	\$ 3,771	\$ 2,175,299
Prepaid expenses	32,500	-	312,346	-	-	344,846
Total assets (all current)	76,391	-	2,416,322	23,661	3,771	2,520,145
LIABILITIES						
Estimated claims payable	74,140	-	871,293	-	-	945,433
Accounts payable	671	-	3,404	-	-	4,075
Total liabilities, all current	74,811	-	874,697	-	-	949,508
NET ASSETS						
Unrestricted	\$ 1,580	\$ -	\$ 1,541,625	\$ 23,661	\$ 3,771	\$ 1,570,637

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Revenue, Expenses
and Changes in Net assets
Internal Service Funds
FOR THE YEAR ENDED DECEMBER 31, 2007

	Self-Insured Workers Compensation	City/County Telephone System	Self-Funded Managed Care Insurance	Land Use Planning	Graphic Information Systems	Total
OPERATING REVENUE						
Charges for services	\$ 204,955	\$ -	\$ 10,276,248	\$ -	\$ -	\$ 10,481,203
OPERATING EXPENSES						
Cost of services	58,405	-	9,891,375	-	-	9,949,780
General and administrative	35,349	-	353,631	-	-	388,980
Total operating expenses	93,754	-	10,245,006	-	-	10,338,760
Operating income (loss)	111,201	-	31,242	-	-	142,443
NON-OPERATING REVENUE						
Interest revenue	143	-	25,681	-	-	25,824
Net income (loss) before transfers	111,344	-	56,923	-	-	168,267
TRANSFERS						
Transfers (out)	(73,902)	-	(139,675)	-	-	(213,577)
Change in net assets	37,442	-	(82,752)	-	-	(45,310)
Net assets, beginning of year	(35,862)	-	1,624,377	23,661	3,771	1,615,947
Net assets, end of year	\$ 1,580	\$ -	\$ 1,541,625	\$ 23,661	\$ 3,771	\$ 1,570,637

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
FOR THE YEAR ENDED DECEMBER 31, 2007

	Self-Insured Workers Compensation	City/County Telephone System	Self-Funded Managed Care Insurance	Land Use Planning	Graphic Information Systems	Total
Cash flows from operating activities						
Cash received from customers, residents and users	\$ 202,455	\$ 217	\$ 10,608,390	\$ -	\$ -	\$ 10,811,062
Cash paid to employees, suppliers and claimants	(121,356)	-	(10,185,795)	-	-	(10,307,151)
Net cash provided by operating activities	81,099	217	422,595	-	-	503,911
Cash flows from non-capital financing activities						
Transfers to other funds	(73,902)	-	(139,675)	-	-	(213,577)
Cash flows from investing activities						
Interest income received	143	-	25,681	-	-	25,824
Net increase in cash and cash equivalents	7,340	217	308,601	-	-	316,158
Cash and cash equivalents, beginning of year	36,551	(217)	1,795,375	23,661	3,771	1,859,141
Cash and cash equivalents, end of year	\$ 43,891	\$ -	\$ 2,103,976	\$ 23,661	\$ 3,771	\$ 2,175,299

Continued...

COUNTY OF JACKSON, MICHIGAN
Combining Statement of Cash Flows (Concluded)
Internal Service Funds
FOR THE YEAR ENDED DECEMBER 31, 2007

	Self-Insured Workers Compensation	City/County Telephone System	Self-Funded Managed Care Insurance	Land Use Planning	Graphic Information Systems	Total
Statement of Net Assets Classification of Cash						
Current assets - Cash and cash equivalents	\$ 43,891	\$ -	\$ 2,103,976	\$ 23,661	\$ 3,771	\$ 2,175,299
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ 111,201	\$ -	\$ 31,242	\$ -	\$ -	\$ 142,443
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
(Increase) decrease in:						
Accounts receivable	-	217	-	-	-	217
Prepaid items	(2,500)	-	332,142	-	-	329,642
Increase (decrease) in:						
Accounts payable	(27,602)	-	59,211	-	-	31,609
Net cash provided by (used in) operating activities:	\$ 81,099	\$ 217	\$ 422,595	\$ -	\$ -	\$ 503,911

COUNTY OF JACKSON, MICHIGAN
AGENCY FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2007

<u>ASSETS</u>	Trust and Agency	Library	District Court Bonds	Circuit Court Trust	Delinquent Tax/Incinerator Contingency	Region II Planning Commission	Lifeways	Total
ASSETS								
Pooled cash and cash equivalents	\$ 2,303,227	\$ 58,406	\$ -	\$ 161,876	\$ 1,085,000	\$ -	\$ 1,714,851	\$ 5,323,360
Cash and cash equivalents	-	-	149,722	104,208	-	-	-	253,930
Accounts receivable	1,093,867	-	-	-	-	-	-	1,093,867
<u>TOTAL ASSETS</u>	\$ 3,397,094	\$ 58,406	\$ 149,722	\$ 266,084	\$ 1,085,000	\$ -	\$ 1,714,851	\$ 6,671,157
<u>LIABILITIES</u>								
LIABILITIES								
Undistributed fees/collections	\$ 2,944,416	\$ -	\$ -	\$ 119,762	\$ 1,085,000	\$ -	\$ -	\$ 4,149,178
Due to other governments	417,927	58,406	-	-	-	-	1,714,851	2,191,184
Escrow payable	-	-	134,015	130,129	-	-	-	264,144
Bonds payable	34,751	-	15,707	16,193	-	-	-	66,651
<u>TOTAL LIABILITIES</u>	\$ 3,397,094	\$ 58,406	\$ 149,722	\$ 266,084	\$ 1,085,000	\$ -	\$ 1,714,851	\$ 6,671,157

**COUNTY OF JACKSON, MICHIGAN
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Balance January 1, 2007		Additions		Deductions		Balance December 31, 2007
<u>TRUST AND AGENCY FUND:</u>							
ASSETS							
Pooled cash and cash equivalents	\$ 2,021,109	\$	68,287,450	\$	68,005,332	\$	2,303,227
Accounts receivable	139,596		2,551,478		1,597,207		1,093,867
	\$ 2,160,705	\$	70,838,928	\$	69,602,539	\$	3,397,094
LIABILITIES							
Undistributed fees/collections	\$ 1,585,949	\$	25,103,244	\$	23,744,777	\$	2,944,416
Due to other governments	528,565		45,636,771		45,747,409		417,927
Bonds payable	46,191		98,913		110,353		34,751
	\$ 2,160,705	\$	70,838,928	\$	69,602,539	\$	3,397,094
Total liabilities							
	\$ 2,160,705	\$	70,838,928	\$	69,602,539	\$	3,397,094
<u>LIBRARY FUND:</u>							
ASSETS							
Pooled cash and cash equivalents	\$ 28,500	\$	480,962	\$	451,056	\$	58,406
LIABILITIES							
Due to other governments	\$ 28,500	\$	480,962	\$	451,056	\$	58,406

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Balance January 1, 2007		Additions		Deductions		Balance December 31, 2007
<u>DISTRICT COURT BONDS:</u>							
ASSETS							
Cash	\$ 125,961	\$	829,679	\$	805,918	\$	149,722
LIABILITIES							
Escrow payable	\$ 92,818	\$	645,048	\$	603,851	\$	134,015
Bonds payable	33,143		184,631		202,067		15,707
Total liabilities	\$ 125,961	\$	829,679	\$	805,918	\$	149,722
<u>CIRCUIT COURT TRUST FUND:</u>							
ASSETS							
Pooled cash and cash equivalents	\$ 152,437	\$	675,209	\$	665,770	\$	161,876
Cash and cash equivalents	31,149		98,980		25,921		104,208
Total assets	\$ 183,586	\$	774,189	\$	691,691	\$	266,084
LIABILITIES							
Undistributed fees/collections	\$ 128,478	\$	622,225	\$	630,941	\$	119,762
Escrow payable	31,149		98,980		-		130,129
Bonds payable	23,959		52,984		60,750		16,193
Total liabilities	\$ 183,586	\$	774,189	\$	691,691	\$	266,084

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Balance January 1, 2007		Additions		Deductions		Balance December 31, 2007
<hr/>							
<u>DELINQUENT TAX/ INCINERATOR CONTINGENCY:</u>							
ASSETS							
Pooled cash and cash equivalents	\$ 1,085,000	\$	-	\$	-	\$	1,085,000
<hr/>							
LIABILITIES							
Undistributed fees/collections	\$ 1,085,000	\$	-	\$	-	\$	1,085,000
<hr/>							
<u>REGION II PLANNING COMMISSION</u>							
ASSETS							
Pooled cash and cash equivalents	\$ -	\$	114,234	\$	114,234	\$	-
<hr/>							
LIABILITIES							
Due to other governments	\$ -	\$	114,234	\$	114,234	\$	-
<hr/>							

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**COUNTY OF JACKSON, MICHIGAN
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Balance January 1, 2007	Additions	Deductions	Balance December 31, 2007
<hr/>				
<u>LIFEWAYS</u>				
ASSETS				
Pooled cash and cash equivalents	\$ 6,758,914	\$ 42,918,773	\$ 47,962,836	\$ 1,714,851
<hr/>				
LIABILITIES				
Due to other governments	\$ 6,758,914	\$ 42,918,773	\$ 47,962,836	\$ 1,714,851
<hr/>				
<u>TOTALS-ALL AGENCY FUNDS</u>				
ASSETS				
Pooled cash and cash equivalents	\$ 10,045,960	\$ 112,476,628	\$ 117,199,228	\$ 5,323,360
Cash and cash equivalents	157,110	928,659	831,839	253,930
Accounts receivable	139,596	2,551,478	1,597,207	1,093,867
<hr/>				
Total assets	\$ 10,342,666	\$ 115,956,765	\$ 119,628,274	\$ 6,671,157
<hr/>				
LIABILITIES				
Undistributed fees/collections	\$ 2,799,427	\$ 25,725,469	\$ 24,375,718	\$ 4,149,178
Due to other governments	7,315,979	89,150,740	94,275,535	2,191,184
Escrow payable	123,967	744,028	603,851	264,144
Bonds payable	103,293	336,528	373,170	66,651
<hr/>				
Total liabilities	\$ 10,342,666	\$ 115,956,765	\$ 119,628,274	\$ 6,671,157
<hr/>				

COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE				
Taxes:				
Current real property taxes	\$ 22,775,867	\$ 22,600,867	\$ 22,449,090	\$ (151,777)
Delinquent Personal Property Taxes	100,000	170,000	162,056	(7,944)
Industrial/Commercial Facilities Tax	471,939	349,939	339,895	(10,044)
Trailer tax	23,000	23,000	24,319	1,319
Payment in lieu of taxes	60,000	60,000	61,459	1,459
Total Taxes	23,430,806	23,203,806	23,036,819	(166,987)
Licenses and Permits:				
Dog licenses	99,000	99,000	101,518	2,518
Marriage Licenses	5,500	5,500	5,475	(25)
Gun Permits	22,475	22,475	12,546	(9,929)
Total Licenses and Permits	126,975	126,975	119,539	(7,436)
Intergovernmental:				
Cigarette Tax	26,026	26,026	22,486	(3,540)
Liquor Tax	674,847	655,252	655,252	-
Liquor License	9,000	9,000	9,034	34
State court funding distribution	1,110,000	1,110,000	1,114,577	4,577
Child abuse and neglect	50,808	50,808	40,500	(10,308)
Crime Victim's Rights	101,300	101,300	102,254	954
Remonumentation	134,432	134,432	132,849	(1,583)
Judges Supplement	615,354	615,354	682,359	67,005
Road Patrol	246,528	246,528	264,318	17,790
Marine Safety	50,000	50,000	50,921	921
Community Corrections Board	454,688	454,688	325,400	(129,288)
Senior Citizens Programs	266,620	271,120	272,395	1,275
Senior Citizens - Home Delivered Meals	377,000	400,600	409,274	8,674
Senior Citizens - Congregate Meals	162,780	158,380	159,242	862
Medicaid Waiver	252,790	283,230	297,397	14,167
Circuit Court Reimbursement	12,000	12,000	11,442	(558)
District Court Reimbursement	199,793	199,793	191,823	(7,970)
Parole Violators - County Jail	180,000	180,000	166,530	(13,470)
Diverted Felons - County Jail	72,000	72,000	80,432	8,432

Continued on next page

COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2007

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE (Continued)				
Intergovernmental: (Concluded)				
Cooperative Reimbursement -				
Prosecuting Attorney	\$ 180,000	\$ 180,000	\$ 170,465	\$ (9,535)
LAWNET Narcotics	53,505	53,505	52,041	(1,464)
Emergency Management	28,000	28,000	25,290	(2,710)
Jackson County Abstinence Program	157,385	114,885	113,563	(1,322)
Grandparents Initiative	70,480	61,280	50,644	(10,636)
Police Service Contracts	490,020	490,020	487,568	(2,452)
Non Profit Organizations - Sheriff	107,000	107,000	99,336	(7,664)
Emergency Dispatch	84,696	84,696	75,840	(8,856)
Gun Grant	-	75,000	16,004	(58,996)
Other Grants	40,000	65,000	74,712	9,712
Total Intergovernmental Revenue	<u>6,207,052</u>	<u>6,289,897</u>	<u>6,153,948</u>	<u>(135,949)</u>
Charges for Services:				
12th District Court Costs	2,005,448	1,991,493	2,011,629	20,136
12th District Court - Other	1,555,023	1,555,023	1,515,631	(39,392)
Prosecuting Attorney	1,500	1,500	832	(668)
Probate Court	146,000	146,000	156,275	10,275
County Guardian	121,253	121,253	56,731	(64,522)
County Clerk - Court Costs	197,270	197,270	138,173	(59,097)
County Clerk - Other	358,674	358,674	400,063	41,389
Printing	105,000	105,000	96,820	(8,180)
Equalization Dept. - Tax Roll Prep,				
Map Project	20,000	20,000	22,885	2,885
Geographic Information Systems	95,500	95,500	86,562	(8,938)
Property Tax Services	-	-	37,446	37,446
Register of Deeds - Real Estate				
Transfer Tax	485,000	416,000	416,236	236
Register of Deeds - Recording Charges	830,125	694,575	711,824	17,249
Treasurer	11,000	11,000	11,742	742
Sheriff's Department	84,500	84,500	96,338	11,838
County Jail	370,000	370,000	324,461	(45,539)
Community Corrections Fees	6,000	6,000	7,662	1,662
Animal Shelter	33,750	80,150	86,748	6,598
Medical Examiner	49,500	49,500	40,845	(8,655)
Total Charges for Services	<u>6,475,543</u>	<u>6,303,438</u>	<u>6,218,903</u>	<u>(84,535)</u>

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COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2007

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
REVENUE (Concluded)				
Fines and Forfeitures:				
Ordinance Fines	\$ 926,966	\$ 926,966	\$ 933,814	\$ 6,848
Bonds Forfeited	7,639	7,639	8,054	415
Total Fines and Forfeitures	934,605	934,605	941,868	7,263
Interest and Rentals:				
Interest	1,000,000	1,800,000	2,046,986	246,986
Rentals - General	223,141	223,141	208,777	(14,364)
Total Interest and Rentals	1,223,141	2,023,141	2,255,763	232,622
Other Revenue:				
Administrative Reimbursements	520,200	544,462	545,030	568
Reimbursements - Insurance	-	-	1,304	1,304
Reimbursements - Election	17,800	17,800	55,531	37,731
Reimbursements - Fleet Management	84,000	84,000	67,875	(16,125)
Reimbursements - Prosecuting Attorney	15,000	15,000	10,120	(4,880)
Contributions	-	130,000	130,000	-
Donations - Senior Programs	2,800	3,478	3,576	98
Donations - Senior Home Delivered Meals	110,000	129,000	136,621	7,621
Donations - Seniors Congregate Meals	63,000	66,500	67,759	1,259
Other - Animal Shelter	2,000	2,000	6,541	4,541
Other - Clerk	19,900	19,900	19,629	(271)
Other - Treasurer	12,000	12,000	84,477	72,477
Other - Sheriff	5,500	5,500	4,083	(1,417)
Other - Senior Programs	76,800	87,930	90,921	2,991
Other - Senior Home Delivered Meals	3,000	7,000	7,003	3
Other - Senior Congregate Meals	7,000	7,200	7,228	28
Other - Other	30,812	42,972	91,535	48,563
Total Other Revenue	969,812	1,174,742	1,329,233	154,491
Total Revenue	39,367,934	40,056,604	40,056,073	(531)

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
EXPENDITURES				
Legislative -				
Board of Commissioners	\$ 212,606	\$ 226,106	\$ 222,134	\$ 3,972
Judicial:				
Circuit Court	2,228,439	2,228,439	2,200,622	27,817
Jury Commission	206,663	243,163	242,556	607
12th District Court	3,472,848	3,535,248	3,447,172	88,076
County Guardian	154,666	144,466	142,240	2,226
Adult Probation - Circuit Court	19,915	19,915	18,762	1,153
Total Judicial	6,082,531	6,171,231	6,051,352	119,879
Elections -				
Public Elections	140,315	147,715	127,981	19,734
General Government:				
County Administrator	236,275	195,775	191,043	4,732
County Clerk	913,343	907,770	906,267	1,503
County Controller	266,792	263,792	262,839	953
Equalization	547,609	487,609	486,850	759
Geographic information systems	236,087	230,262	228,159	2,103
Printing	119,587	120,937	113,370	7,567
Personnel	250,973	261,873	256,211	5,662
Prosecuting Attorney	1,763,700	1,777,650	1,771,978	5,672
Prosecuting Attorney - Social Services	262,499	260,799	257,012	3,787
Prosecuting Attorney - Victim/Witness Program	191,411	271,711	197,364	74,347
Public Defender	1,319,501	1,534,501	1,479,740	54,761
Register of Deeds	333,441	284,539	281,817	2,722
Remonumentation	134,432	134,432	133,057	1,375
County Treasurer	120,112	128,206	127,752	454
Co-Operative Extension	347,282	337,182	320,494	16,688
Information Technology	798,750	782,250	777,651	4,599
Courthouse & Grounds	427,341	462,841	433,022	29,819
Northlawn Building	236,875	238,275	223,187	15,088
Tower Building	793,729	826,829	799,605	27,224
Woolworth Building	33,100	23,100	7,123	15,977
Human Services Building	435,321	396,171	360,586	35,585
Maintenance Garage	329,255	281,955	258,767	23,188
Drain Commissioner	157,600	160,900	160,029	871
Tutor	-	19,100	16,934	2,166
Airport Maintenance	14,191	14,191	11,411	2,780
Total General Government	10,269,206	10,402,650	10,062,268	340,382

Continued on next page

COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2007

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
EXPENDITURES (Continued)				
Public Safety:				
District Court Intense Probation	\$ 168,478	\$ 163,978	\$ 163,310	\$ 668
County Sheriff	4,057,502	4,207,503	4,175,086	32,417
Road Patrol	269,343	266,343	266,318	25
LAWNET Narcotics Grant	205,312	210,112	209,687	425
Marine Law Enforcement	78,533	97,193	94,089	3,104
Truancy grant	149,059	138,059	137,885	174
911 Communications Center	1,348,541	1,345,041	1,344,600	441
County Jail	5,388,759	5,422,959	5,413,170	9,789
Community Corrections Board	524,154	522,254	404,064	118,190
Animal Shelter	445,456	537,756	537,731	25
Total Public Safety	12,635,137	12,911,198	12,745,940	165,258
Health and Welfare:				
Medical Examiners	276,879	280,354	311,466	(31,112)
Jackson County Abstinence Program	155,817	113,317	111,722	1,595
Senior Citizens Program	1,186,346	1,239,524	1,220,420	19,104
Home Delivery Meals - Seniors	950,491	1,010,391	996,715	13,676
Congregate Meals - Seniors	328,442	334,482	331,212	3,270
Grandparents Initiative	137,627	128,467	120,878	7,589
Veteran's Burial Claims	41,640	41,640	30,294	11,346
Veteran's Affairs Office	109,117	112,117	109,378	2,739
Total Health and Welfare	3,186,359	3,260,292	3,232,085	28,207
Other:				
Appropriations:				
General Government:				
Regional Planning	42,774	55,340	55,340	-
Soil Conservation	20,000	20,000	20,000	-
Total General Government Appropriations	62,774	75,340	75,340	-

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COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2007

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
EXPENDITURES (Concluded)				
Other: (Concluded)				
Public Safety:				
Emergency Measures	\$ 149,645	\$ 152,245	\$ 146,579	\$ 5,666
Jackson Traffic Safety Program	157,500	160,750	160,749	1
Guardian	35,000	35,000	35,000	-
Total Public Safety Appropriations	342,145	347,995	342,328	5,667
Public Works -				
Transportation System	107,100	107,100	107,100	-
Health & Welfare:				
Retired Senior Citizen Volunteer				
Program	15,000	15,000	15,000	-
Region II Aging Commission	26,814	26,814	26,814	-
Substance Abuse - Liquor Tax	337,423	327,626	327,626	-
Jackson Alliance for Business				
Development	80,000	80,000	80,000	-
Transfer to Other Governmental Units -				
LifeWays	70,779	70,779	70,779	-
Total Health and Welfare	530,016	520,219	520,219	-
Total Appropriations	1,042,035	1,050,654	1,044,987	5,667
Other:				
Retirees Benefit	2,298,290	2,298,290	2,244,386	53,904
Accrued Sick and Vacation Payoff	50,000	150,000	111,815	38,185
Professional Services	131,500	159,300	222,293	(62,993)
Insurance and Bonds	765,000	785,000	773,619	11,381
Retiree Health	912,210	912,210	912,210	-
Miscellaneous	273,618	378,618	365,020	13,598
Subtotal - Other	4,430,618	4,683,418	4,629,343	54,075
Total Other	5,472,653	5,734,072	5,674,330	59,742
Total Expenditures	37,998,807	38,853,264	38,116,090	737,174
Revenue Over (Under) Expenditures	1,369,127	1,203,340	1,939,983	736,643

Continued on next page

**COUNTY OF JACKSON, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
AMENDED BUDGET AND ACTUAL (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Original Budget	Amended Budget	Actual	Variance - Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Transfers In:				
General Government:				
Personal Property/Admin. Fund	\$ 16,165	\$ 50,000	\$ 50,000	\$ -
Other:				
JNET	54,008	54,008	54,008	-
Jail Millage	1,231,595	1,231,595	1,231,595	-
Delinquent Tax Revolving	379,736	379,736	379,736	-
Revenue sharing reserve	3,148,923	3,148,923	3,148,923	-
Department on aging	918,708	918,708	918,708	-
Worker's Compensation	73,902	73,902	73,902	-
Sheriff Equipment	252,786	252,786	252,786	-
Health Insurance	139,675	139,675	139,675	-
911	250,000	250,000	250,000	-
Wireless	100,000	100,000	100,000	-
Total Transfers In	<u>6,565,498</u>	<u>6,599,333</u>	<u>6,599,333</u>	<u>-</u>
Transfers Out:				
Judicial:				
Friend of the Court	140,287	140,287	140,287	-
Child Care Welfare	510,000	510,000	510,000	-
Justice Center	151,620	158,470	158,428	42
Health and Welfare:				
Health Department	747,155	747,155	747,155	-
Youth Home	3,273,161	3,392,976	3,392,976	-
Social Services	29,000	29,000	29,000	-
Parks	646,446	664,546	664,546	-
Other:				
Airport	80,501	122,521	122,521	-
Jackson Traffic Safety Program	8,855	8,855	8,855	-
Golf	-	3,300	3,300	-
Budget stabilization	500,000	500,000	500,000	-
Soil erosion	-	32,754	32,754	-
Total Transfers Out	<u>6,087,025</u>	<u>6,309,864</u>	<u>6,309,822</u>	<u>42</u>
Total Other Financing Sources (Uses)	<u>478,473</u>	<u>289,469</u>	<u>289,511</u>	<u>42</u>
Net change in fund balances	1,847,600	1,492,809	2,229,494	736,685
FUND BALANCE, Beginning of year	6,986,433	6,986,433	6,986,433	-
FUND BALANCE, End of year	<u>\$ 8,834,033</u>	<u>\$ 8,479,242</u>	<u>\$ 9,215,927</u>	<u>\$ 736,685</u>

**COUNTY OF JACKSON, MICHIGAN
HEALTH DEPARTMENT FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	Original Budget	Amended Budget	Actual	Variance - Favorable (Unfavorable)
Health and Welfare:				
Administration	\$ 482,045	\$ 464,162	\$ 415,204	\$ 48,958
Health Education	236,561	236,561	210,003	26,558
Emergency Preparedness	204,894	204,894	187,310	17,584
Environmental	863,827	863,827	788,709	75,118
Nursing	207,036	207,036	200,017	7,019
MSS/ISS	451,545	451,545	376,529	75,016
Immunizations	316,112	316,112	288,823	27,289
Early On	163,622	167,807	167,686	121
Sexually Transmitted Diseases	113,780	127,780	127,134	646
Infant Mortality and Prevention	132,276	88,872	86,904	1,968
CSHCS Outreach and Advocacy	73,985	77,858	77,074	784
Hearing and Vision	81,648	81,648	69,654	11,994
Family Planning	21,210	21,210	16,701	4,509
Women, Infants and Children	534,132	576,014	575,625	389
AIDS Counseling and Testing	17,385	17,385	14,417	2,968
Tobacco Reduction Coalition	15,113	15,113	13,759	1,354
Immunization Action Plan	79,422	80,422	79,430	992
Car Seat Rental Program	64,257	64,257	59,832	4,425
Abstinence Program	-	48,616	7,852	40,764
Total Health and Welfare expenditures	\$4,058,850	\$4,111,119	\$3,762,663	\$ 348,456

COUNTY OF JACKSON, JACKSON
COMPONENT UNIT - LAND BANK AUTHORITY
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007

	<u>Land Bank Authority</u>
ASSETS	
Current assets:	
Pooled cash and cash equivalents	\$ 115,742
Accounts receivable	73,019
Total current assets	<u>188,761</u>
Capital assets, net of depreciation	<u>82,719</u>
Total assets	<u>271,480</u>
LIABILITIES	
Accounts payable	<u>250,194</u>
NET ASSETS	
Invested in capital assets	82,719
Unrestricted (deficit)	<u>(61,433)</u>
Total net assets	<u><u>\$ 21,286</u></u>

**COUNTY OF JACKSON, MICHIGAN
 COMPONENT UNIT - LAND BANK AUTHORITY
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	Land Bank Authority
OPERATING REVENUE	
Sales	\$ 30,000
OPERATING EXPENSES	
Cost of land sold	4,266
Capital outlay	3,724
Miscellaneous	724
Total operating expenses	8,714
Change in net assets	21,286
NET ASSETS	
Beginning of year	-
NET ASSETS	
End of year	\$ 21,286

COMPONENT UNIT - DRAIN COMMISSION
COMBINING STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2007

	Debt			
	Village of Grass Lake	Village of Springport	Spring Arbor Water Project	Village of Brooklyn
<u>ASSETS</u>				
CURRENT ASSETS				
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents	-	274	113	150
Special assessments receivable	-	-	-	-
Accrued interest receivable	-	-	-	-
Due from other governmental units	-	-	-	-
Due from other funds	-	-	-	-
Capital assets, net of depreciation	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ -</u>	<u>\$ 274</u>	<u>\$ 113</u>	<u>\$ 150</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 113	\$ 150
Due to other funds	-	-	-	-
Advance from primary government	-	-	-	-
Deferred revenue	-	-	-	-
Long-term debt				
Due in one year	-	-	-	-
Due in more than one year	-	-	-	-
<u>TOTAL LIABILITIES</u>	<u>-</u>	<u>-</u>	<u>113</u>	<u>150</u>
FUND BALANCES				
Reserved for debt service	-	274	-	-
Reserved for construction	-	-	-	-
<u>TOTAL FUND BALANCES</u>	<u>-</u>	<u>274</u>	<u>-</u>	<u>-</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ -</u>	<u>\$ 274</u>	<u>\$ 113</u>	<u>\$ 150</u>

Governmental Activities

Service Funds				Capital Project Funds		
Clark Lake Drain	Wolf Lake Section	Napoleon Village Section	Lake Columbia Section	Spring Arbor Water Project	Village of Brooklyn	Wolf Lake Section
\$ -	\$ -	\$ -	\$ -	\$ 3,227	\$ 187	\$ 5,668
12,820	338	400	113	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 12,820</u>	<u>\$ 338</u>	<u>\$ 400</u>	<u>\$ 113</u>	<u>\$ 3,227</u>	<u>\$ 187</u>	<u>\$ 5,668</u>
\$ 400	\$ 263	\$ 138	\$ 113	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
400	263	138	113	-	-	-
12,420	75	262	-	-	-	-
-	-	-	-	3,227	187	5,668
<u>12,420</u>	<u>75</u>	<u>262</u>	<u>-</u>	<u>3,227</u>	<u>187</u>	<u>5,668</u>
<u>\$ 12,820</u>	<u>\$ 338</u>	<u>\$ 400</u>	<u>\$ 113</u>	<u>\$ 3,227</u>	<u>\$ 187</u>	<u>\$ 5,668</u>

COMPONENT UNIT - DRAIN COMMISSION
COMBINING STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
BALANCE SHEET (Concluded)
DECEMBER 31, 2007

	<u>Governmental Activities</u>			
	<u>Capital Project Funds</u>			
<u>ASSETS</u>	<u>Napoleon Village Section</u>	<u>Lake Columbia Section</u>	<u>Drain Districts</u>	<u>Drain Revolving</u>
CURRENT ASSETS				
Pooled cash and cash equivalents	\$ -	\$ 378,154	\$ 1,173,577	\$ 26,416
Cash and cash equivalents	-	-	-	-
Special assessments receivable	-	-	93,821	-
Accrued interest receivable	-	-	-	-
Due from other governmental units	-	-	-	-
Due from other funds	-	-	-	173,584
Capital assets, net of depreciation	-	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ -</u>	<u>\$ 378,154</u>	<u>\$ 1,267,398</u>	<u>\$ 200,000</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ -	\$ 49,927	\$ 12,466	\$ -
Due to other funds	-	-	173,981	-
Advance from primary government	-	-	-	200,000
Deferred revenue	-	-	93,821	-
Long-term debt				
Due in one year	-	-	-	-
Due in more than one year	-	-	-	-
<u>TOTAL LIABILITIES</u>	<u>-</u>	<u>49,927</u>	<u>280,268</u>	<u>200,000</u>
FUND BALANCES				
Reserved for debt service	-	-	-	-
Reserved for construction	-	328,227	987,130	-
<u>TOTAL FUND BALANCES</u>	<u>-</u>	<u>328,227</u>	<u>987,130</u>	<u>-</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ -</u>	<u>\$ 378,154</u>	<u>\$ 1,267,398</u>	<u>\$ 200,000</u>

Invested in capital assets, net of related debt
Restricted for construction

<u>Lake Level Districts</u>	<u>Lake Level Revolving</u>	<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$ 81,567	\$ 8,647	\$ 1,677,443	\$ -	\$ 1,677,443
-	-	14,208	-	14,208
-	-	93,821	-	93,821
-	-	-	-	-
-	-	-	19,150,591	19,150,591
-	1,353	174,937	(174,937)	-
-	-	-	4,488,067	4,488,067
<u>\$ 81,567</u>	<u>\$ 10,000</u>	<u>\$ 1,960,409</u>	<u>\$ 23,463,721</u>	<u>25,424,130</u>

\$ -	\$ -	\$ 63,570	\$ -	63,570
956	-	174,937	(174,937)	-
-	10,000	210,000	-	210,000
-	-	93,821	(93,821)	-
-	-	-	1,664,622	1,664,622
-	-	-	17,499,000	17,499,000
956	10,000	542,328	18,894,864	19,437,192

-	-	13,031		
80,611	-	1,405,050		
<u>80,611</u>	<u>-</u>	<u>1,418,081</u>		
<u>\$ 81,567</u>	<u>\$ 10,000</u>	<u>\$ 1,960,409</u>		

\$ 4,488,067	4,488,067
1,498,871	1,498,871
<u>\$ 5,986,938</u>	<u>\$ 5,986,938</u>

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - DRAIN COMMISSION
Reconciliation of Governmental Fund Balance Sheet
to Statement of Net Assets
DECEMBER 31, 2007

Fund balances - Governmental Funds	\$ 1,418,081
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,488,067
Deferred revenue is not a current financial resource and therefore is not reported as revenue in the governmental funds	93,821
Bonds payable of various municipalities are to be repaid by the municipality, and the amount due is not reported as receivable in the funds	19,150,591
Long - term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds and notes payable	<u>(19,163,622)</u>
Net assets of governmental activities	<u>\$ 5,986,938</u>

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - DRAIN COMMISSION
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Debt			
	Village of Grass Lake	Village of Springport	Spring Arbor Water Project	Village of Brooklyn
REVENUE				
Intergovernmental revenue	\$ 164,100	\$ 30,350	\$ 44,425	\$ 130,200
Interest and rentals	-	-	-	-
Total revenue	164,100	30,350	44,425	130,200
EXPENDITURES/EXPENSES				
Public works	-	-	-	-
Depreciation expense	-	-	-	-
Debt Service:				
Principal	140,000	25,000	25,000	75,000
Interest	24,100	5,350	19,425	55,200
Total expenditures/expenses	164,100	30,350	44,425	130,200
Net change in fund balances	-	-	-	-
Change in net assets				
Fund balances/net assets				
Beginning of year	-	274	-	-
End of year	\$ -	\$ 274	\$ -	\$ -

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Governmental Activities						
Service Funds				Capital Project Funds		
Clark Lake Drain	Wolf Lake Section	Napoleon Village Section	Lake Columbia Section	Spring Arbor Water Project	Village of Brooklyn	Wolf Lake Section
\$ 1,443,869	\$ 376,433	\$ 92,738	\$911,274	\$ -	\$ -	\$ 10,668
1,345	-	-	-	146	4,492	-
1,445,214	376,433	92,738	911,274	146	4,492	10,668
1,100	-	-	-	-	102,858	5,320
-	-	-	-	-	-	-
1,355,000	250,000	50,000	500,000	-	-	-
117,900	126,358	42,701	422,439	-	-	-
1,474,000	376,358	92,701	922,439	-	102,858	5,320
(28,786)	75	37	(11,165)	146	(98,366)	5,348
41,206	-	225	11,165	3,081	98,553	320
\$ 12,420	\$ 75	\$ 262	\$ -	\$ 3,227	\$ 187	\$ 5,668

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - DRAIN COMMISSION
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2007

	Governmental Activities			
	Capital Project Funds			
	Napoleon Village Section	Lake Columbia Section	Drain Districts	Drain Revolving
REVENUE				
Intergovernmental revenue	\$ -	\$ -	\$ 276,974	\$ -
Interest and rentals	-	29,357	56,347	-
Total revenue	-	29,357	333,321	-
EXPENDITURES/EXPENSES				
Public works	12	711,727	267,227	-
Depreciation	-	-	-	-
Debt Service:				
Principal	-	-	89,622	-
Interest	-	-	-	-
Total expenditures/expenses	12	711,727	356,849	-
Net change in fund balances	(12)	(682,370)	(23,528)	-
Change in net assets				
Fund balances/net assets				
Beginning of year	12	1,010,597	1,010,658	-
End of year	\$ -	\$ 328,227	\$ 987,130	\$ -

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Lake Level Districts	Lake Level Revolving	Total	Adjustments	Statement of Activities
\$ 4,161	\$ -	\$ 3,485,192	\$ (2,385,336)	\$ 1,099,856
4,125	-	95,812	-	95,812
8,286	-	3,581,004	(2,385,336)	1,195,668
2,291	-	1,090,535	-	1,090,535
-	-	-	181,410	181,410
-	-	2,509,622	(2,509,622)	-
-	-	813,473	-	813,473
2,291	-	4,413,630	(2,328,212)	2,085,418
5,995	-	(832,626)	832,626	-
			(889,750)	(889,750)
74,616	-	2,250,707	4,625,981	6,876,688
\$ 80,611	\$ -	\$ 1,418,081	4,568,857	5,986,938

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - DRAIN COMMISSION
Reconciliation of the Governmental Fund Revenues, Expenditures
and Changes in Fund Balance to the Statement of Activities
FOR THE YEAR ENDED DECEMBER 31, 2007

Net change in fund balances - Governmental funds	\$ (832,626)
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Deduct - depreciation expense	(181,410)
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Governmental funds report payments received by other municipalities for principal debt service as revenue, but the statement of activities does not.

Deduct: debt assessments paid in current year	(2,385,336)
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of

Add: principal payments on long-term debt	2,509,622
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Change in net assets of governmental activities	\$ (889,750)
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COUNTY OF JACKSON, JACKSON
COMPONENT UNIT - BROWNFIELD REDEVELOPMENT AUTHORITY
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2007

<u>ASSETS</u>	<u>Brownfield Redevelopment Authority</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 31,991	\$ -	\$ 31,991
Accounts receivable	800,924	-	800,924
	<u>800,924</u>	<u>-</u>	<u>800,924</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 832,915</u>	 <u>-</u>	 <u>832,915</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 131,113	-	131,113
	<u>131,113</u>	<u>-</u>	<u>131,113</u>
FUND BALANCES			
Unreserved, undesignated	701,802	(701,802)	-
	<u>701,802</u>	<u>(701,802)</u>	<u>-</u>
 <u>TOTAL LIABILITIES AND FUND BALANCES</u>	 <u>\$ 832,915</u>		
 NET ASSETS			
Unrestricted		<u>\$ 701,802</u>	<u>\$ 701,802</u>

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BROWNFIELD REDEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Brownfield Redevelopment Authority	Adjustments	Statement of Activities
REVENUE			
Contributions	\$ 63,197	\$ -	\$ 63,197
Interest and rentals	1,340	-	1,340
	<hr/>	<hr/>	<hr/>
Total revenue	64,537	-	64,537
	<hr/>	<hr/>	<hr/>
EXPENDITURES/EXPENSES			
Current operations:			
Public works	58,413	-	58,413
	<hr/>	<hr/>	<hr/>
Net change in fund balances	6,124	(6,124)	
Change in net assets		6,124	6,124
Fund balances/net assets			
Beginning of year	695,678	-	695,678
	<hr/>	<hr/>	<hr/>
End of year	<u><u>\$ 701,802</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 701,802</u></u>

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2007

	Debt			
	Village of Springport	Village of Parma - Revolving	Village of Parma - LDFA	Grass Lake Revolving
<u>ASSETS</u>				
ASSETS				
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Cash and cash equivalents	71	-	125	-
Accounts receivable	-	-	-	-
Due from other governmental units	-	-	-	-
Total assets	<u>\$ 71</u>	<u>\$ -</u>	<u>\$ 125</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Long-term debt:				
Due in one year	-	-	-	-
Due in more than one year	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Reserved for debt service	71	-	125	-
Reserved for construction	-	-	-	-
Total fund balances	<u>71</u>	<u>-</u>	<u>125</u>	<u>-</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 71</u>	<u>\$ -</u>	<u>\$ 125</u>	<u>\$ -</u>

Governmental Activities

Service Funds				Capital Project Funds		
Grass Lake Section SER 2002B	Vineyard Lake Area Section	Round/ Farewell Lake Section	Southern Regional Interceptor	Village of Parma - Revolving	Village of Parma - LDFA	Village of Grass Lake - Revolving
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,345	113	8,917	11,162	-	-	-
-	125	-	-	-	-	-
-	-	-	-	-	-	-
\$ 3,345	\$ 238	\$ 8,917	\$ 11,162	\$ -	\$ -	\$ -
\$ 138	\$ 238	\$ 113	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
138	238	113	-	-	-	-
3,207	-	8,804	11,162	-	-	-
-	-	-	-	-	-	-
3,207	-	8,804	11,162	-	-	-
\$ 3,345	\$ 238	\$ 8,917	\$ 11,162	\$ -	\$ -	\$ -

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2007

	<u>Governmental Activities</u>			
	<u>Capital Project Funds</u>			
	<u>Grass Lake Section</u>	<u>Vineyard Lake Area Section</u>	<u>Round/ Farewell Lake Section</u>	<u>Southern Regional Interceptor</u>
<u>ASSETS</u>				
ASSETS				
Pooled cash and cash equivalents	\$ -	\$ 107,038	\$ 4,200	\$ 8,385
Cash and cash equivalents	-	-	-	-
Accounts receivable	-	-	-	-
Due from other governmental units	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ -</u></u>	<u><u>\$ 107,038</u></u>	<u><u>\$ 4,200</u></u>	<u><u>\$ 8,385</u></u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ -	\$ 592	\$ 4,200	\$ -
Long-term debt:				
Due in one year	-	-	-	-
Due in more than one year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>592</u>	<u>4,200</u>	<u>-</u>
FUND BALANCES				
Reserved for debt service	-	-	-	-
Reserved for construction	-	106,446	-	8,385
	<u>-</u>	<u>106,446</u>	<u>-</u>	<u>8,385</u>
Total fund balances	<u>-</u>	<u>106,446</u>	<u>-</u>	<u>8,385</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u><u>\$ -</u></u>	<u><u>\$ 107,038</u></u>	<u><u>\$ 4,200</u></u>	<u><u>\$ 8,385</u></u>

Net assets:
Restricted for construction

Rives Sanitary Sewer	US 127 Extension	Total	Adjustments	Statement of Activities
\$ 21,834	\$ 25,525	\$ 166,982	\$ -	\$ 166,982
-	-	23,733	-	23,733
-	-	125	-	125
-	-	-	18,454,756	18,454,756
\$ 21,834	\$ 25,525	\$ 190,840	\$ 18,454,756	\$ 18,645,596
\$ -	\$ -	5,281	-	5,281
-	-	-	1,053,000	1,053,000
-	-	-	17,425,000	17,425,000
-	-	5,281	18,478,000	18,483,281
-	-	23,369	(23,369)	-
21,834	25,525	162,190	(162,190)	-
21,834	25,525	185,559	(185,559)	-
\$ 21,834	\$ 25,525	\$ 190,840		
			\$ 162,315	\$ 162,315

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
Reconciliation of Governmental Fund Balance Sheet
to Statement of Net Assets
DECEMBER 31, 2007

Fund balances - Governmental Funds	\$ 185,559
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Bonds payable of various municipalities are to be repaid by the municipality, and the amount due is not reported as receivable in the funds	18,454,756
Long - term liabilities are not due and payable in the current period and are not reported in the funds:	
Bonds payable	<u>(18,478,000)</u>
Net assets of governmental activities	<u><u>\$ 162,315</u></u>

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Debt			
	Village of Springport	Village of Parma - Revolving	Village of Parma - LDFA	Grass Lake Revolving
REVENUE				
Intergovernmental	\$ -	\$ 72,625	\$ 113,325	\$ 143,313
Interest and rentals	-	-	-	-
Total revenue	-	72,625	113,325	143,313
EXPENDITURES/EXPENSES				
Current operations:				
Public works	-	-	-	-
Debt Service:				
Principal retirement	-	50,000	50,000	95,000
Interest and fiscal charges	-	22,625	63,200	48,313
Total expenditures/expenses	-	72,625	113,200	143,313
Revenue over (under) expenditures	-	-	125	-
OTHER FINANCING SOURCES (USES)				
Bond and note proceeds	-	-	-	-
Transfers out	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	125	-
Change in net assets				
Fund balances/net assets				
Beginning of year	71	-	-	-
End of year	<u>\$ 71</u>	<u>\$ -</u>	<u>\$ 125</u>	<u>\$ -</u>

Governmental Activities

Service Funds				Capital Project Funds		
Grass Lake Section SER 2002B	Vineyard Lake Area Section	Round/ Farewell Lake Section	Southern Regional Interceptor	Village of Parma - Revolving	Village of Parma - LDFA	Village of Grass Lake - Revolving
\$ 46,493	\$ 463,175	\$ 376,788	\$ 199,113	\$ -	\$ -	\$ -
-	64	-	-	-	-	-
46,493	463,239	376,788	199,113	-	-	-
-	385,655	-	-	4,205	8,476	112
25,000	250,000	250,000	-	-	-	-
21,493	213,175	126,789	199,000	-	-	-
46,493	848,830	376,789	199,000	4,205	8,476	112
-	(385,591)	(1)	113	(4,205)	(8,476)	(112)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(385,591)	(1)	113	(4,205)	(8,476)	(112)
3,207	385,591	8,805	11,049	4,205	8,476	112
\$ 3,207	\$ -	\$ 8,804	\$ 11,162	\$ -	\$ -	\$ -

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Governmental Activities			
	Capital Project Funds			
	Grass Lake Section	Vineyard Lake Area Section	Round/ Farewell Lake Section	Southern Regional Interceptor
REVENUE				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest and rentals	-	7,051	1,512	3,313
Total revenue	-	7,051	1,512	3,313
EXPENDITURES/EXPENSES				
Current operations:				
Public works	58,715	124,837	135,776	45,709
Debt Service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures/expenses	58,715	124,837	135,776	45,709
Revenue over (under) expenditures	(58,715)	(117,786)	(134,264)	(42,396)
OTHER FINANCING SOURCES (USES)				
Bond and note proceeds	-	-	-	-
Transfers out	-	-	-	(64,391)
Transfers in	-	-	64,391	-
Total other financing sources (uses)	-	-	64,391	(64,391)
Net change in fund balances	(58,715)	(117,786)	(69,873)	(106,787)
Change in net assets				
Fund balances/net assets				
Beginning of year	58,715	224,232	69,873	115,172
End of year	\$ -	\$ 106,446	\$ -	\$ 8,385

Rives Sanitary Sewer	US 127 Extension	Total	Adjustments	Statement of Activities	
\$ -	\$ -	\$ 1,414,832	\$ (26,521)	\$ 1,388,311	
-	-	11,940	-	11,940	
-	-	1,426,772	(26,521)	1,400,251	
286,166	8,544	1,058,195	-	1,058,195	
-	-	720,000	(720,000)	-	
-	-	694,595	-	694,595	
286,166	8,544	2,472,790	(720,000)	1,752,790	
(286,166)	(8,544)	(1,046,018)	693,479	(352,539)	
308,000	-	308,000	(308,000)	-	
-	-	(64,391)	64,391	-	
-	-	64,391	(64,391)	-	
308,000	-	308,000	(308,000)	-	
21,834	(8,544)	(738,018)	738,018	-	
			(352,539)	(352,539)	
-	34,069	923,577	(408,723)	514,854	
\$ 21,834	\$ 25,525	\$ 185,559	\$ (23,244)	\$ 162,315	

COUNTY OF JACKSON, MICHIGAN
COMPONENT UNIT - BOARD OF PUBLIC WORKS
Reconciliation of the Governmental Fund Revenues, Expenditures
and Changes in Fund Balance to the Statement of Activities
For the Year Ended December 31, 2006

Net change in fund balances - Governmental funds	\$ (738,018)
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Amounts reported for *governmental activities* in the statement of activities
are different because:

Governmental funds report payments received by other municipalities for principal debt service as revenue, but the statement of activities does not Debt assessments paid in current year	(26,521)
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The issuance of bonds payable provide current financial resources. These
transactions do not effect net assets and are therefore eliminated

Issuance of bonds payable	(308,000)
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Repayment of debt principal is an expenditure in the funds but not in the statement
of activities:

Bond payments	<u>720,000</u>
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Change in net assets of governmental activities	<u><u>\$ (352,539)</u></u>
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STATISTICAL SECTION

STATISTICAL SECTION

This part of Jackson County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health

Contents

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Financial Trends (Schedules 1 thru 5)

162-167

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity (Schedules 6 thru 9)

168-171

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity (Schedules 10 thru 12)

172-174

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information (Schedules 13 thru 15)

175-177

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information (Schedules 16 thru 17)

178-179

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

JACKSON COUNTY
Net Assets by Component
Last Five Years (A)
(accrual basis of accounting)

	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 15,599,655	\$ 16,852,113	\$ 15,904,438	\$ 16,131,214	\$ 16,662,254
Restricted	2,447,451	2,072,383	1,598,012	2,248,154	1,999,818
Unrestricted	17,092,802	20,951,919	26,634,239	30,618,527	29,152,734
Total governmental activities net assets	<u>\$ 35,139,908</u>	<u>\$ 39,876,415</u>	<u>\$ 44,136,689</u>	<u>\$ 48,997,895</u>	<u>\$ 47,814,806</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 6,418,081	\$ 7,577,629	\$ 8,331,629	\$ 8,256,892	\$ 9,254,305
Restricted	-	-	-		
Unrestricted	17,758,169	16,012,507	16,105,046	19,923,786	22,051,366
Total business-type activities net assets	<u>\$ 24,176,250</u>	<u>\$ 23,590,136</u>	<u>\$ 24,436,675</u>	<u>\$ 28,180,678</u>	<u>\$ 31,305,671</u>
Primary government					
Invested in capital assets, net of related debt	\$ 22,017,736	\$ 24,429,742	\$ 24,236,067	\$ 24,388,106	\$ 25,916,559
Restricted	2,447,451	2,072,383	1,598,012	2,248,154	1,999,818
Unrestricted	34,850,971	36,964,426	42,739,285	50,542,313	51,204,100
Total primary government net assets	<u>\$ 59,316,158</u>	<u>\$ 63,466,551</u>	<u>\$ 68,573,364</u>	<u>\$ 77,178,573</u>	<u>\$ 79,120,477</u>

(A) - Jackson County implemented GASB Statement No. 34 as of and for the year ended December 31, 2003. Accordingly, data prior to 2003 is not available.

Source: Jackson County Finance Department

JACKSON COUNTY
Changes in Net Assets
Last Five Years (A)
(accrual basis of accounting)

	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
Elections	\$ 72,433	\$ 168,469	\$ 77,070	\$ 180,696	\$ 130,180
Legislative	205,944	212,660	214,972	204,724	240,045
Judicial	11,329,672	10,708,216	10,667,903	11,097,366	11,741,690
General government	8,916,228	10,107,059	11,032,854	10,018,348	11,665,390
Public safety	14,784,198	14,785,492	15,373,560	16,090,197	16,944,208
Health	9,060,387	5,723,355	9,640,700	9,687,103	9,878,983
Culture and recreation	1,536,627	1,607,037	1,691,953	1,666,183	1,732,731
Community development	7,370,705	11,226,594	8,798,015	8,225,733	8,253,892
Interest on long-term debt	528,227	544,615	536,869	570,535	856,277
Total governmental activities expenses	53,804,421	55,083,497	58,033,896	57,740,885	61,443,396
Business-type activities:					
Delinquent tax collection/forfeitures	219,945	584,691	465,438	582,566	543,975
Foreclosure tax	192,716	80,434	107,519	382,099	233,853
Medical care facility	12,481,811	12,478,688	12,982,116	14,950,198	15,375,425
Fair	1,434,475	1,582,177	1,374,525	1,175,428	1,127,027
Resource recovery	7,516,817	7,422,625	8,094,120	7,682,790	8,602,557
Public works projects	13,873	98,706	394,249	59,534	70,351
Soil erosion	-	35,528	83,665	108,442	98,247
Total business-type activities expenses	21,859,637	22,282,849	23,501,632	24,941,057	26,051,435
Total primary government expenses	75,664,058	77,366,346	81,535,528	82,681,942	87,494,831
Program revenues					
Governmental activities:					
Charges for services:					
Elections	-	-	-	-	-
Judicial	4,337,191	3,796,746	3,603,480	3,445,601	3,553,002
General government	2,217,784	2,111,842	2,439,066	2,275,850	2,366,616
Public safety	1,060,630	1,172,088	1,226,579	1,203,630	1,225,488
Public works	-	-	-	-	-
Health	1,075,893	1,074,443	1,014,150	899,984	803,243
Social services	-	-	-	-	-
Culture and recreation	901,627	927,955	912,318	875,804	870,466
Community development	-	-	-	310,630	337,918
Other activities	311,457	303,256	529,892	196,834	-
Operating grants and contributions	17,929,004	17,821,584	19,999,106	19,605,978	20,002,956
Capital grants and contributions	-	-	-	-	-
Total governmental activities program revenues	27,833,586	27,207,914	29,724,591	28,814,311	29,159,689
Business-type activities:					
Charges for services:					
Delinquent tax collection/forfeitures	1,514,001	1,411,667	1,629,077	1,838,706	2,115,532
Foreclosure tax	361,807	75,248	201,356	160,311	229,487
Medical care facility	11,746,818	12,630,867	12,474,369	15,402,690	15,754,525
Fair	1,267,161	1,231,734	1,174,506	1,093,342	905,402
Resource recovery	9,135,568	8,668,358	9,065,673	10,416,508	10,825,070
Public works projects	46,942	103,333	194,748	250,052	154,886
Soil erosion	-	50,148	70,004	70,861	78,915
Operating grants and contributions	334,299	449,893	1,132,540	945,108	427,996
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	24,406,596	24,621,248	25,942,273	30,177,578	30,491,813
Total primary government program revenues	52,240,182	51,829,162	55,666,864	58,991,889	59,651,502
Net (Expense)/Revenue					
Government activities	(25,970,835)	(27,875,583)	(28,309,305)	(28,926,574)	(32,283,707)
Business-type activities	2,546,959	2,338,399	2,440,641	5,236,521	4,440,378
Total primary government net expense	(23,423,876)	(25,537,184)	(25,868,664)	(23,690,053)	(27,843,329)

Continued...

JACKSON COUNTY
Changes in Net Assets (Concluded)
Last Five Fiscal Years (A)
(accrual basis of accounting)

	2003	2004	2005	2006	2007
General Revenues					
Governmental activities:					
Property taxes	\$ 19,645,354	\$ 26,781,837	\$ 28,674,384	\$ 30,548,572	\$ 26,632,998
State shared revenue	3,598,156	2,232,993	612,647	656,012	686,772
Unrestricted grants and contributions	-	-	-	-	-
Investment earnings	1,137,795	1,519,268	1,668,218	1,990,206	2,206,053
Transfers	2,833,792	2,873,036	1,614,331	592,990	1,574,795
Total governmental activities	<u>27,215,097</u>	<u>33,407,134</u>	<u>32,569,580</u>	<u>33,787,780</u>	<u>31,100,618</u>
Business-type activities:					
Investment earnings	-	-	-	-	-
Transfers	(2,833,792)	(2,924,513)	(1,594,101)	(663,226)	(1,565,385)
Total business-type activities	<u>(2,833,792)</u>	<u>(2,924,513)</u>	<u>(1,594,101)</u>	<u>(663,226)</u>	<u>(1,565,385)</u>
Total primary government	<u>24,381,305</u>	<u>30,482,621</u>	<u>30,975,479</u>	<u>33,124,554</u>	<u>29,535,233</u>
Change in Net Assets					
Government activities	1,244,262	5,531,551	4,260,275	4,861,206	(1,183,089)
Business-type activities	<u>(286,833)</u>	<u>(586,114)</u>	<u>846,540</u>	<u>4,573,295</u>	<u>2,874,993</u>
Total primary government	<u>\$ 957,429</u>	<u>\$ 4,945,437</u>	<u>\$ 5,106,815</u>	<u>\$ 9,434,501</u>	<u>\$ 1,691,904</u>

(A) - Jackson County implemented GASB Statement No. 34 as of and for the year ended December 31, 2003. Accordingly, data prior to 2003 is not available.

Source: Jackson County Finance Department

JACKSON COUNTY
Fund Balances - Governmental Funds
Last Five Years (A)
(modified accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund					
Reserved	\$ 856,227	\$ 823,857	\$ 887,987	\$ 881,264	\$ 881,943
Unreserved	<u>5,901,904</u>	<u>4,745,938</u>	<u>5,470,437</u>	<u>6,105,169</u>	<u>8,333,984</u>
Total general fund	<u>\$ 6,758,131</u>	<u>\$ 5,569,795</u>	<u>\$ 6,358,424</u>	<u>\$ 6,986,433</u>	<u>\$ 9,215,927</u>
 All Other Governmental Funds					
Reserved	\$ 310,556	\$ 317,190	\$ 108,012	\$ 116,261	\$ 138,387
Unreserved, reported in:					
Special revenue funds	9,898,431	14,994,195	19,221,587	23,544,783	20,596,873
Debt service funds	106,146	113,243	297,507	140,039	139,381
Capital projects funds	5,170,813	1,830,350	1,171,957	1,971,560	1,710,492
Permanent funds	<u>139,295</u>	<u>128,790</u>	<u>128,548</u>	<u>136,555</u>	<u>149,945</u>
Total all other governmental funds	<u>\$ 15,625,241</u>	<u>\$ 17,383,768</u>	<u>\$ 20,927,611</u>	<u>\$ 25,909,198</u>	<u>\$ 22,735,078</u>

(A) - Jackson County implemented GASB Statement No. 34 as of and for the year ended December 31, 2003. Accordingly, data prior to 2003 is not available.

Source: Jackson County Finance Department

JACKSON COUNTY

Changes in Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues										
Taxes	\$ 13,569,937	\$ 14,388,256	\$ 15,019,659	\$ 15,616,044	\$ 16,381,298	\$ 19,139,904	\$ 26,211,661	\$ 28,674,384	\$ 30,548,572	\$ 26,632,998
Special assessments	-	-	-	-	-	-	-	-	-	-
Licenses and permits	499,130	400,609	404,892	485,445	508,251	539,133	588,399	568,405	536,321	497,887
Intergovernmental	13,620,767	15,146,640	15,728,987	16,614,802	17,494,083	18,405,174	16,580,471	16,591,458	15,701,183	15,788,530
Charges for services	6,739,429	7,226,659	6,980,823	7,069,206	7,999,085	9,081,440	8,835,069	8,647,694	8,203,360	8,006,369
Fines and forfeits	1,031,389	1,221,873	1,330,955	1,553,067	1,408,083	1,346,436	1,221,828	1,178,027	1,057,902	1,211,283
Investment income	2,281,890	2,337,209	2,949,034	3,387,531	2,144,420	1,564,378	1,921,629	2,010,888	2,574,872	2,848,441
Other revenues	1,192,332	1,041,033	2,851,586	1,139,661	2,632,822	2,264,659	2,353,691	2,934,004	3,270,925	3,761,527
Total revenues	38,934,874	41,762,279	45,265,936	45,865,776	48,568,042	52,341,124	57,712,748	60,604,860	61,980,482	58,659,688
Expenditures										
Elections	76,745	6,835	141,368	48,578	162,667	82,590	168,639	101,107	180,727	127,981
Legislative	259,006	266,727	267,897	287,753	275,223	206,663	212,660	214,972	204,724	222,134
Judicial	8,282,105	8,293,556	8,703,209	9,247,838	10,066,062	11,086,793	10,056,878	10,638,621	10,828,805	11,269,736
General government	7,503,499	8,375,989	8,567,683	9,027,833	9,707,292	9,673,984	10,101,306	9,811,231	9,984,893	10,181,445
Public safety	9,484,207	9,377,928	10,024,233	10,719,705	11,111,692	12,010,987	14,061,504	14,690,942	14,783,211	15,579,716
Public works	7,781	2,547	2,318	4,498	1,635	-	-	-	-	-
Health	6,716,947	7,626,595	8,064,193	8,323,793	8,578,048	9,011,706	9,080,571	9,618,667	9,375,279	9,446,914
Social services	-	-	-	-	-	-	-	-	-	-
Culture and recreation	1,621,073	1,738,075	1,766,960	1,854,104	1,586,854	1,495,417	1,482,387	1,661,674	1,556,943	2,080,699
Community development	-	-	-	-	-	-	-	-	143,212	2,693,914
Other activities	3,502,351	4,368,760	4,368,534	5,287,045	5,920,602	7,461,000	10,157,473	8,023,440	7,906,082	6,770,026
Capital outlay	1,667,057	3,250,267	2,370,653	7,690,402	10,377,200	13,375,120	3,742,658	2,488,485	8,302,321	1,559,476
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	180,000	190,000	225,000	235,000	245,000	275,000	275,000	275,000	350,000	600,000
Interest	52,708	43,888	78,334	1,012,000	927,638	502,681	1,389,257	539,369	531,869	860,645
Total expenditures	39,353,479	43,541,167	44,580,382	53,738,549	58,959,913	64,404,260	60,728,333	58,063,508	64,148,066	61,392,686
Revenues over (under) expenditures	(418,605)	(1,778,888)	685,554	(7,872,773)	(10,391,871)	(12,063,136)	(3,015,585)	2,541,352	(2,167,584)	(2,732,998)
Other financing sources (uses)										
Issuance of bonds	-	931,000	15,458,323	-	12,654,424	-	-	-	7,045,000	-
Bond discount	-	-	-	-	-	-	-	-	(42,340)	-
Payments to escrow agent	-	-	-	-	-	-	-	-	-	-
Transfers in	9,037,064	8,450,149	8,377,154	6,087,197	7,938,714	8,645,681	16,835,716	14,008,313	13,437,705	15,652,285
Transfers out	(7,345,532)	(4,907,433)	(8,034,463)	(4,547,764)	(6,352,850)	(5,698,732)	(13,249,940)	(12,217,191)	(12,663,185)	(13,863,913)
Total other financing sources (uses)	1,691,532	4,473,716	15,801,014	1,539,433	14,240,288	2,946,949	3,585,776	1,791,122	7,777,180	1,788,372
Net changes in fund balances	\$ 1,272,927	\$ 2,694,828	\$ 16,486,568	\$ (6,333,340)	\$ 3,848,417	\$ (9,116,187)	\$ 570,191	\$ 4,332,474	\$ 5,609,596	\$ (944,626)
Debt services as a percentage of non-capital expenditures	0.6%	0.6%	0.7%	2.4%	2.1%	1.4%	3.1%	1.5%	1.4%	2.5%

Source: Jackson County Finance Department

JACKSON COUNTY
Changes in Fund Balances - General Fund
Last Ten Years

(modified accrual basis of accounting)

	2001	2002	2003	2004	2005	2006	2007
Revenues							
Taxes	\$ 15,201,115	\$ 15,946,600	\$ 17,015,900	\$ 17,956,661	\$ 19,398,287	\$ 21,074,348	\$ 23,036,819
Licenses and permits	118,893	98,020	101,723	138,631	140,166	126,079	119,539
Intergovernmental	9,730,075	9,516,797	9,067,839	8,026,159	6,181,855	6,161,126	6,153,948
Charges for services	5,438,137	6,340,523	7,086,481	6,837,104	6,573,634	6,303,080	6,218,903
Fines and forfeits	1,266,969	1,220,720	1,129,809	1,066,752	906,658	845,866	941,868
Investment income	1,568,806	1,085,480	1,091,967	1,561,669	1,470,154	1,981,369	2,255,763
Other revenues	720,810	895,325	679,688	756,016	1,382,861	1,283,861	1,329,233
Total revenues	34,044,805	35,103,465	36,173,407	36,342,992	36,053,615	37,775,729	40,056,073
Expenditures							
Elections	48,578	162,667	82,590	168,639	101,107	180,727	127,981
Legislative	287,753	275,223	206,663	212,660	214,972	204,724	222,134
Judicial	5,349,160	5,643,113	6,005,642	5,791,244	5,820,832	5,880,955	6,051,352
General government	9,027,833	9,707,292	9,673,984	10,101,306	9,811,231	9,984,893	10,062,268
Public safety	8,620,557	8,954,086	9,839,612	11,684,741	11,869,900	12,065,712	12,745,940
Health	2,425,332	2,319,172	2,372,338	2,417,480	2,868,936	3,103,073	3,232,085
Other activities	4,269,523	5,368,139	4,650,364	5,156,890	5,326,414	5,831,316	5,674,330
Total expenditures	30,028,736	32,429,692	32,831,193	35,532,960	36,013,392	37,251,400	38,116,090
Revenues over (under) expenditures	4,016,069	2,673,773	3,342,214	810,032	40,223	524,329	1,939,983
Other financing sources (uses)							
Transfers in	416,411	961,733	1,444,094	3,599,125	6,226,447	6,214,717	6,599,333
Transfers out	(4,410,509)	(3,863,750)	(3,751,156)	(5,597,493)	(5,478,041)	(6,111,037)	(6,309,822)
Total other financing sources (uses)	(3,994,098)	(2,902,017)	(2,307,062)	(1,998,368)	748,406	103,680	289,511
Net changes in fund balances	\$ 21,971	\$ (228,244)	\$ 1,035,152	\$ (1,188,336)	\$ 788,629	\$ 628,009	\$ 2,229,494

Source: Jackson County Finance Department

JACKSON COUNTY
Assessed Taxable Property/State Equalized Value
Last Ten Years
(in thousands of dollars)

<u>Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Agricultural</u>	<u>Other</u>	<u>Personal Property</u>	<u>Assessed Taxable Value</u>	<u>*State Equalized Value</u>	<u>Total Direct Tax Rate</u>
1998	\$ 1,634,713	\$ 297,618	\$ 90,631	\$ 145,010	\$ 5,741	\$ 303,436	\$ 2,477,149	\$ 2,665,417	5.7375
1999	1,745,761	318,315	98,046	149,659	7,756	326,573	2,646,110	2,996,964	5.7118
2000	1,857,936	346,621	103,446	151,586	10,283	307,721	2,777,593	3,274,880	5.6319
2001	2,014,665	374,842	109,651	153,091	11,117	358,844	3,022,210	3,626,300	5.5676
2002	2,180,598	398,610	162,711	155,523	12,415	357,442	3,267,299	4,007,667	5.5024
2003	2,344,031	462,314	265,483	152,297	14,851	356,899	3,595,875	4,443,468	5.9176
2004	2,520,199	483,912	256,259	156,791	14,147	329,263	3,760,571	4,963,371	6.0876
2005	2,702,975	505,751	247,242	158,885	16,424	356,962	3,988,239	5,234,043	6.0244
2006	2,900,367	532,560	241,307	162,175	13,294	370,865	4,220,568	5,815,259	5.9994
2007	3,086,703	564,281	246,554	170,502	13,253	368,855	4,450,148	6,033,906	5.9909

Note: Residential, commercial and industrial values are calculated without tax-exempt values

Source: County Equalization Department figures, exclusive of Industrial and Commercial Facility Tax and prior to any Board of Review actions.

* State equalized values approximate 50% of actual property value.

JACKSON COUNTY
Direct and Overlapping Property Tax Rates
Last Ten Years
(rate per \$1,000 of taxable value)

		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
County direct rates											
Operating		5.5883	5.5626	5.4819	5.4194	5.3559	5.2734	5.2022	5.1471	5.1259	5.1187
Medical Care facility		0.1492	0.1492	0.1500	0.1482	0.1465	0.1442	0.1422	0.1406	0.1400	0.1398
Jail		0.0000	0.0000	0.0000	0.0000	0.0000	0.5000	0.4932	0.4879	0.4858	0.4851
Senior Services								0.2500	0.2488	0.2477	0.2473
Total direct rate		5.7375	5.7118	5.6319	5.5676	5.5024	5.9176	6.0876	6.0244	5.9994	5.9909
Overlapping rates											
Cities:											
Jackson		16.3500	16.3000	14.5426	13.0225	15.5718	15.2982	15.7482	15.8785	15.3289	14.6889
Townships (average)	(A)	1.6099	1.7527	1.6822	1.5733	1.6957	1.5206	1.8247	1.7763	1.7185	1.6796
Villages (average)	(B)	11.4581	11.1844	11.2656	10.4539	11.0025	10.3166	10.3812	10.7263	10.6623	10.0423
School districts (average)	(C)	21.8278	21.9889	21.9766	21.6972	22.7631	22.3200	22.4380	22.2208	22.3375	22.3495
Intermediate school district (average)	(D)	5.8883	5.8605	5.7823	5.9273	5.8925	5.6821	5.8137	6.0999	5.9006	5.8883
Community college		1.3592	1.2946	1.2266	1.2131	1.1980	1.1798	1.1638	1.1565	1.1463	1.1446
District Library		0.9392	0.9344	0.9208	0.9102	0.8995	0.8556	0.8736	0.8682	0.8606	0.8593
(A) - Rates range from:											
Low		0.8624	0.8527	0.8273	0.8175	0.7994	0.7854	0.7749	0.7642	0.7603	0.7603
High		5.4340	5.4300	5.3883	3.2751	4.2992	3.1654	5.7618	5.7409	3.3088	2.6809
(B) - Rates range from:											
Low		5.7749	5.3198	5.2214	5.1200	5.1200	5.1200	4.3860	4.9786	4.4180	4.5694
High		18.0500	17.3331	17.8655	15.0000	19.0053	18.5477	17.8835	17.4205	17.3560	17.0409
(C) - Rates range from:											
Low		17.5878	17.9298	17.3142	16.8519	17.2210	17.8018	17.6658	17.3796	18.0000	18.0000
High		26.9500	26.9500	27.4700	27.3574	26.4736	26.9500	26.9500	26.9500	26.9500	26.9500
(D) - Rates range from:											
Low		3.4257	3.3168	3.1568	3.1311	3.1050	3.0738	3.0550	3.8488	3.8342	3.8342
High		8.8857	8.8445	8.7166	8.5624	8.4928	7.4217	8.2207	8.1704	8.1111	8.0963

Source: Jackson County Finance Department

JACKSON COUNTY
Principal Property Tax Payers
Current Year and Ten Years Ago

Taxpayer	2007			1998		
	Assessed* Taxable Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Consumers Energy	\$ 154,300,705	1	3.47%	\$ 109,324,540	1	4.41%
Kinder Morgan Michigan LLC	95,294,050	2	2.14%	-		
MACI	66,163,175	3	1.49%	22,050,671	2	0.89%
MAC Steel Division of Quanex Corp.	41,386,526	4	0.93%	-		
TAC Manufacturing Inc.	20,342,175	5	0.46%	-		
Ramco Jackson LTD	17,131,805	6	0.38%	12,049,467	3	0.49%
Wolverine Tech/Certainteed	15,949,950	7	0.36%	5,654,400	8	0.23%
Comcast of Michigan Inc.	14,687,483	8	0.33%	-		
Meijer Inc.	13,793,627	9	0.31%	9,121,932	4	0.37%
Wal-mart Stores Inc.	13,037,678	10	0.29%	-		
Tenneco/Walker	11,321,562	11	0.25%	-		
Vista Grande Villa	11,180,177	12	0.25%	-		
Lloyd Ganton	10,726,416	13	0.24%	-		
John Ganton	9,443,602	14	0.21%	-		
Worthington Steele	9,175,185	15	0.21%	-		
TRW Automotive	-			5,118,790	9	0.21%
Tri-Nova	-		-	8,326,105	5	0.34%
Jacobsons Stores	-		-	7,307,577	6	0.29%
Jackson Properties	-		-	5,780,023	7	0.23%
K-Mart Corp.	-		-	4,200,655	10	0.17%
	<u>\$ 503,934,116</u>		<u>11.32%</u>	<u>\$ 188,934,160</u>		<u>7.63%</u>

Source: Jackson County Equalization Department.

JACKSON COUNTY
Property Tax Levies and Collections
Last Eight Years

Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Subsequent Years Collections	Total Collections to Date		
			Amount	% of Levy		Amount	% of Levy	
2000	\$	14,736,282	\$	13,360,844	90.67%	\$	14,621,803	99.22%
2001		15,228,340		13,873,036	91.10%		15,130,519	99.36%
2002		16,304,245		14,523,906	89.08%		15,837,877	97.14%
2003		18,646,958		17,156,334	92.01%		18,628,060	99.90%
2004		20,823,011		18,760,676	90.10%		20,452,780	98.22%
2005		21,626,845		19,709,618	91.13%		21,370,486	98.81%
2006		22,764,241		20,944,310	92.01%		22,647,244	99.49%
2007		25,334,259		23,532,388	92.89%		25,137,419	99.22%

Source: Jackson County Treasurer's Office

JACKSON COUNTY
Ratios of General Bonded Debt Outstanding
Last Ten Years

Year	General Bonded Debt Outstanding			% of Personal Income	% of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total			
1998	\$ 820,000	-	\$ 820,000	1.08%	0.03%	\$ 5.26
1999	1,580,000	-	1,580,000	2.04%	0.06%	\$ 10.06
2000	1,355,000	-	1,355,000	1.71%	0.05%	\$ 8.55
2001	1,120,000	-	1,120,000	1.40%	0.04%	\$ 7.00
2002	13,625,000	-	13,625,000	17.46%	0.42%	\$ 84.55
2003	13,350,000	-	13,350,000	17.24%	0.37%	\$ 82.11
2004	13,075,000	-	13,075,000	16.72%	0.35%	\$ 80.39
2005	12,800,000	-	12,800,000	16.26%	0.32%	\$ 78.23
2006	19,495,000	-	19,495,000	24.80%	0.46%	\$ 118.98
2007	18,895,000	-	18,895,000	24.40%	0.42%	\$ 115.92

Source: Jackson County Finance Department

JACKSON COUNTY
Computation of Net Direct and Overlapping Debt
As of December 31, 2007

	Gross Amount Outstanding	Self-Supporting or Paid by Benefited Entity	Net Amount Outstanding
Direct debt			
Building authority bonds	\$ 33,805,000	\$ 6,845,000	\$ 26,960,000
Water and sewer bonds	37,945,000	37,945,000	-
Solid waste general obligation bonds	5,200,000	-	5,200,000
Solid waste revenue bonds (G.O. pledge)	4,045,000	-	4,045,000
	<u>\$ 80,995,000</u>	<u>\$ 44,790,000</u>	<u>36,205,000</u>
Overlapping debt			
School districts			161,660,157
Cities			45,720,000
Townships			35,082,396
Villages			9,285,000
Intermediate school district			1,606
Community colleges			25,215,000
			<u>276,964,159</u>
Net direct and overlapping debt			<u>\$ 313,169,159</u>

Source: Jackson County Finance Department and Municipal Advisory Council of Michigan.

JACKSON COUNTY
Legal Debt Margin
Last Ten Years

Legal Debt Margin Calculation for 2007

Assessed value	\$	6,033,906,000
Debt limit (10% of assessed value)	\$	603,390,600
Debt applicable to limit - general obligation bonds		<u>80,995,000</u>
Legal debt margin	\$	<u>522,395,600</u>

	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
1998	\$ 297,460,003	\$ 36,103,000	\$ 261,357,003	12.14%
1999	299,696,417	33,532,500	266,163,917	11.19%
2000	327,652,782	51,247,000	276,405,782	15.64%
2001	362,630,050	49,554,000	313,076,050	13.67%
2002	400,766,761	63,550,341	337,216,420	15.86%
2003	444,346,818	69,500,000	374,846,818	15.64%
2004	496,337,185	77,250,000	419,087,185	15.56%
2005	523,440,388	83,655,000	439,785,388	15.98%
2006	581,211,455	85,880,000	495,331,455	14.78%
2007	603,390,600	80,995,000	522,395,600	13.42%

Source: Jackson County Finance Department

JACKSON COUNTY
Demographic and Economic Statistics
Last Ten Years

Year	Population	Labor Force	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
1998	155,991	75,754	\$ 3,555,313	\$ 22,792	3.46%
1999	157,085	77,303	3,782,555	24,080	3.06%
2000	158,422	79,088	3,966,206	24,983	3.40%
2001	159,886	79,895	3,973,959	24,857	5.19%
2002	161,156	78,046	4,092,008	25,400	6.60%
2003	162,580	77,453	4,206,743	25,906	7.98%
2004	162,653	78,187	4,304,049	26,480	7.50%
2005	163,629	78,700	4,461,465	27,299	6.77%
2006	163,851	78,700 a	4,461,465 a	27,299 a	7.16%
2007	163,006	78,700 a	4,461,465 a	27,299 a	7.56%

a Census Data not available at time of publication

Sources: U.S. Census Bureau, U.S. Department of Commerce
Michigan Department of Career Development Employment Service Agency
Michigan Economic Development Corporation

JACKSON COUNTY
Principal Employers
Curent Year and Nine Years Ago

Employer	2006 (1)			1999 (2)		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Foote Health Systems	3,146	1	4.24%	2,525	1	3.38%
Michigan Department of Corrections	2,345	2	3.16%	2,167	2	2.90%
Consumers Energy	2,000	3	2.70%	2,025	3	0
Local Government	870	4	1.17%	905	6	1.21%
MACI	850	5	1.15%	500	9	0.67%
Jackson Public Schools	782	6	1.05%			
Meijer Inc	755	7	1.02%	1,400	4	1.87%
Jackson Community College	650	8	0.88%	669	7	0.89%
Eaton Corporation	598	9	0.81%	600	8	0.80%
Wal-Mart Inc	568	10	0.77%			
TAC Manufacturing	558	11	0.75%			
Jackson County ISD	471	12	0.64%			
Milsco Michigan Seat	438	13	0.59%			
Great Lakes Home Health & Hospice	400	14	0.54%			
MAC Steel Division of Quanex	349	15	0.47%			
Alro Steel Corporation	325	16	0.44%			
Anesthesia Business Consultants	284	17	0.38%			
Dawn Food Products	273	18	0.37%			
Tenneco	270	19	0.36%			
Certainteed Corp	250	20	0.34%			
Jacobsons Stores Inc.				1,400	5	1.87%
	<u>16,182</u>		<u>21.83%</u>	<u>12,191</u>		<u>16.30%</u>

Source (1): Enterprise Group of Jackson Inc.

Source (2): Jackson County Building Authority Official Bond Statement
Lifeways Issue Series 1999A

JACKSON COUNTY
Full-Time Equivalent County Government Employees by Function/Program
Last Eight Years

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007
Legislative								
Board of Commissioners	15.0	15.0	15.0	12.0	12.0	12.0	12.0	12.0
Judicial								
Circuit Court	30.3	30.7	30.0	31.0	30.5	30.5	31.5	30.0
District Court	60.0	60.0	60.0	60.0	57.0	55.0	55.0	55.0
Friend of the Court	49.5	47.8	51.8	51.5	50.0	47.5	47.5	47.4
County Guardian	3.0	3.5	3.3	3.3	3.4	3.3	3.0	2.0
General Government and Elections								
County Administration	3.0	3.0	3.5	3.5	3.8	3.0	3.0	2.0
Administrative Services	5.0	6.0	5.0	5.0	4.0	4.8	4.5	4.5
Information & Tech Systems	8.0	7.0	8.0	9.0	8.0	7.0	7.0	7.0
Human Resources	7.0	7.0	7.0	6.0	6.0	5.0	3.0	3.0
Corporation Counsel								
Equalization	8.0	9.0	8.0	8.0	9.0	9.0	8.0	8.0
GIS	-	-	-	-	-	-	-	3.0
Facilities Management	23.5	25.3	25.8	27.3	24.8	18.0	18.0	16.3
Fleet Operations	6.0	5.0	5.0	5.0	5.0	3.0	3.0	2.0
Clerk	20.0	20.3	20.3	20.5	21.0	19.5	20.3	20.4
Register of Deeds	5.0	5.0	6.0	6.0	6.0	6.0	6.0	6.0
Treasurer	8.0	8.0	8.0	7.0	3.0	1.5	2.0	1.5
MSU Extension	4.3	3.8	3.8	3.5	3.5	3.5	3.5	3.0
Drain Commissioner	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Print Department	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Retirement Board	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.3
Public Safety								
Prosecuting Attorney	32.0	32.0	28.8	26.0	27.5	27.5	27.5	27.5
Sheriff	62.0	67.0	66.0	60.0	65.0	65.0	65.0	62.0
Emergency Management	20.0	18.0	17.0	20.0	20.0	20.0	20.0	20.0
Jail	29.0	31.0	32.0	56.0	57.5	56.3	58.0	56.0
Animal Control	7.0	7.0	7.0	7.0	7.8	7.8	7.3	7.3
Youth Center	40.8	41.5	40.8	38.5	42.8	39.5	39.5	39.6
Health and Welfare								
Environmental Health	-	-	-	-	-	-	13.0	13.0
Public Health	69.3	70.0	62.8	60.0	59.3	56.0	43.7	41.4
Medical Examiner	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Department on Aging	20.5	27.3	31.8	27.0	24.2	26.5	26.3	29.1
Veterans Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Culture & Recreation								
Parks & Recreation	8.0	9.0	11.0	10.0	10.0	10.0	8.0	6.0
Golf Course	-	-	-	-	-	-	1.0	3.6
County Extension								
Other								
Airport	5.0	3.0	5.0	4.0	4.0	4.0	4.0	4.0
Enterprise Funds	4.0	4.0	3.5	3.5	7.5	9.0	8.5	9.0
Total	561.2	574.2	574.2	578.6	580.4	558.1	557.0	549.8

Source: Jackson County Finance Department

JACKSON COUNTY
Operating Indicators by Function/Program
Last Seven Years

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007
Public Safety								
Sheriff:								
Number of complaints	-	-	-	-	25,110	23,795	24,669	26,641
Number of dispatches	-	-	-	-	136,800	140,099	134,028	129,691
Number of arrests	-	-	-	-	1,562	1,610	1,871	1,856
Number of bookings	-	-	-	6,355	7,448	8,376	8,991	9,576
Health								
Public Health:								
Immunizations administered	-	-	11,277	10,839	10,558	12,586	7,859	7,645
WIC participants	-	-	4,896	5,031	5,200	5,243	5,082	5,272
Vision/hearing screening	-	-	17,998	17,208	16,855	15,411	9,518	14,964
Culture & Recreation								
Parks & Recreation:								
Special events participation	150,000	175,000	180,000	200,000	210,000	215,000	215,000	200,000
Cascades Falls participation	20,000	25,000	26,500	25,000	25,000	28,000	27,500	40,000
Rounds of Golf	49,160	47,900	50,000	43,620	44,056	45,665	40,700	30,000
Camper participation	12,000	12,540	13,500	12,540	12,590	14,500	15,300	13,300

Source: Jackson County Finance Department

JACKSON COUNTY
Capital Asset Statistics by Function/Program
Last Ten Years

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public safety										
Corrections facility capacities	186	186	186	186	186	426	426	426	426	426
Vehicle:										
Sheriff	-	-	-	36	36	35	38	40	43	38
Animal control	-	-	-	5	4	4	5	4	4	4
Parks and recreation										
Parks:										
County	15	15	15	15	15	15	15	15	15	16
Park acreage:										
Parkland	591	591	591	591	591	591	591	591	591	1000
Picnic areas	15	15	15	15	15	15	15	15	15	17
Buildings:										
Restaurant/meeting	1	1	1	1	1	1	1	1	1	1
County recreation center	1	1	1	1	1	1	1	1	1	1
Picnic shelter/pavilions	10	10	10	10	10	10	10	10	10	10
Concession	1	1	1	1	2	2	2	2	2	2
Swimming beach areas	12	12	12	12	12	12	12	12	12	12
Golf Courses:										
18 hole course	1	1	1	1	1	1	1	1	1	1
Par 3 course	1	1	1	1	1	1	1	1	1	1
Driving range	1	1	1	1	1	1	1	1	1	1
Trails/paths/sidewalks	3	3	3	3	3	3	3	3	3	4
Playgrounds	15	15	15	15	15	15	15	15	15	15
Boat launch	8	8	8	8	8	8	8	8	8	8
Campgrounds	2	2	2	2	2	2	2	2	2	2
Public works										
Miles of streets										
Paved primary	540	540	540	540	540	542	652	652	652	652
Paved local	656	656	656	656	656	722	972	972	1,010	1,010
Gravel	369	369	369	369	369	312	312	312	283	283

Source: Jackson County Finance Department

SINGLE AUDIT ACT COMPLIANCE

**COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT:				
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Direct Program -				
U.S.D.A. Food Distribution:				
Entitlement commodities	10.550	-n/a-	\$ 649	\$ 649
Bonus commodities	10.550	-n/a-	32	32
Passed-through the Michigan Department of Education:				
School Breakfast Program -				
Jackson County Youth Center	10.553	-n/a-	16,150	16,150
National School Lunch Program -				
Jackson County Youth Center	10.555	-n/a-	29,779	29,779
School Snack Program -				
Jackson County Youth Center	10.555	-n/a-	3,458	3,458
Passed-through the Michigan Department of Community Health				
Special Supplemental Program for Women,				
Infants and Children:				
2006-2007	10.557	XX4W1006	604,540	604,540
Passed-through the Region 2 Area Agency on Aging -				
Title III Elderly Feeding Program -				
Elderly Feeding	10.558	-n/a-	130,043	130,043
Total U.S. Department of Agriculture			784,651	784,651
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Passed-through MSHDA				
Michigan State Housing Development Authority	14.228	MSC-2005-0727-HOA	158,800	158,800
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Passed-through the Detroit Community Justice Partnership -				
Project Safe Neighborhoods				
2005	16.609	2003GPCX0568	16,005	16,005
Passed-through the Michigan Family Independence Agency -				
Juvenile Accountability Incentive Block Grant				
2006/2007	16.523	JAIBG-05-38001	1,930	1,930
2007/2008	16.523	JAIBG-06-38001	8,313	8,313
Passed-through Department of Community Health -				
Edward Byrne Memorial State and Local Law Enforcement				
Assistance - Discretionary Grants				
LAWNET Enhancement Project				
2006/2007	16.580	72239-1-06B	30,517	30,517
2007/2008	16.580	72239-2-07B	21,524	21,524
Total U.S. Department of Justice			78,289	78,289

continued...

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2007

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT: (Continued)				
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Passed-through Michigan Office of Highway Safety Planning Highway Training and Education - Safe Communities 2007/2008	20.600	PT-08-16	\$ 2,866	\$ 2,866
Enforcement Grant 2006/2007	20.600	PT-07-13	8,566	8,566
Youth Alcohol Enforcement Grant 2006/2007	20.601	AL-07-17	4,072	4,072
Total U.S. Department of Transportation			15,504	15,504
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Passed through Michigan Department of Environmental Quality - State Grant to Reimburse Operators of Small Water Sytems for Training and Certification Costs	66.471	-n/a-	9,000	9,000
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed-through Jackson Public Schools Title 1 Part D for Neglected and Delinquent Children	84.013	-n/a-	10,998	10,998
Passed-through Jackson County Intermediate School District Part H IDEA 2006/2007	84.181	061340	138,478	138,478
2007/2008	84.181	071340	32,958	32,958
Total U.S. Department of Education			182,434	182,434
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed-through the Region 2 Area Agency on Aging: Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers:				
Home Care Assistance	93.044	-n/a-	36,198	36,198
Chore	93.044	-n/a-	20,443	20,443
Senior Center Operations	93.044	-n/a-	25,562	25,562
Counseling	93.044	-n/a-	15,997	15,997
Case Coordination	93.044	-n/a-	20,332	20,332
Health Prevention/Promotion	93.UNK	-n/a-	7,655	7,655
Grandparents Raising Grandchildren	93.UNK	-n/a-	37,301	37,301
Caregiver Information and Assistance	93.UNK	-n/a-	15,470	15,470
Special Programs for the Aging - Title III, Part C - Nutrition Services: C-1 Congregate Site Meals	93.045	-n/a-	127,561	127,561

continued...

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2007

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT: (Continued)				
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u>				
Special Programs for the Aging - Title III, Part C - Nutrition Services: C-2 Home Delivered Meals	93.045	-n/a-	\$ 130,514	\$ 130,514
Passed-through the Michigan Family Independence Agency: SFSC Grant 2006/2007	93.556	SFSC-05-38003	50,644	50,644
IV-D Support Incentive 2007	93.563	-n/a-	406,400	406,400
Child Support Enforcement: Friend of the Court 2006/2007	93.563	CS/FOC-05-38001	1,962,548	1,962,548
Prosecuting Attorney 2006/2007	93.563	CSPA-06-38002	125,122	125,122
2007/2008	93.563	CSPA-07-38002	45,152	45,152
Child Abuse and Neglect 2005	93.658	PROFC-05-38001-2	20,250	20,250
Passed-through South Central Michigan Substance Abuse Council Born Free	93.959	-n/a-	789	789
Passed-through the Michigan Department of Community Health: Michigan Abstinence Partnership 2006/2007	93.235	-n/a-	112,863	112,863
Immunization - IAP - 2006/2007	93.268	H23CCH522556	67,380	67,380
Immunization - AFIX 2006/2007	93.268	H23IP522556	900	900
Immunization - Nurse Training 2006/2007	93.268	H23IP522556	1,950	1,950
Immunization - VFC 2006/2007	93.268	H23IP522556	4000	4,000
Immunization Vaccine Provided	93.268	-n/a-	985,069	985,069
Bioterrorism - Focus A 2006/2007	93.283	CCU517018	175,653	175,653
Bioterrorism - Pandemic Flu 2006/2007	93.283	CCU517018	80,401	80,401

continued...

COUNTY OF JACKSON, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Concluded)
FOR THE YEAR ENDED DECEMBER 31, 2007

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Agreement/ Account Number	Receipts/ Revenue Recognized	Disbursements/ Expenditures
PRIMARY GOVERNMENT: (Concluded)				
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Concluded)</u>				
Medical Assistance Program:				
Medicaid Administration 2006/2007	93.778	5XX05MI5048	\$ 30,660	\$ 30,660
Medicaid Outreach Activities	93.778	50506MI5048	37,730	37,730
CSHC Care Coordination	93.778	50506MI5048	8,637	8,637
AIDS Counseling and Testing 2006/2007	93.940	U62 CCU52346401	18,318	18,318
Preventative Health and Health Services Block Grant - STD Control 2006/2007	93.991	B1MIPRVS	22,028	22,028
SIDS Counseling	93.994	B04MC07777	1,615	1,615
Maternal and Child Health Services Block Grant to the States:				
Local Match 2006/2007	93.994	B1 MI MCHS	90,557	90,557
Case Management Services 2006/2007	93.994	B1 MI MCHS	20,517	20,517
Passed-through The Michigan Public Health Institute FIMR Case Abstraction	93.994	G-06269-115-504200	5,400	5,400
Total U.S. Department of Health and Human Services			4,711,616	4,711,616
<u>U.S. Department of Homeland Security</u>				
Passed-through Michigan Department of State Police Emergency Management - State and Local Assistance 2007 Emergency Management Performance Grant	97.042	-n/a-	25,290	25,290
Emergency Management - State and Local Assistance	83.548	FEMA 1346 DR MI	8,901	8,901
Total Federal U.S. Department of Homeland Security			34,191	34,191
TOTAL FEDERAL FINANCIAL ASSISTANCE - PRIMARY GOVERNMENT			5,974,485	5,974,485
COMPONENT UNITS:				
<u>OFFICE OF SOLID WASTE AND EMERGENCY RESPONSE</u>				
Brownfield Pilots Cooperative Agreements	66.811	-n/a-	16,018	16,018
Brownfield Assessment Grant	66.818	-n/a-	9,839	9,839
TOTAL FEDERAL FINANCIAL ASSISTANCE - COMPONENT UNITS			25,857	25,857
TOTAL FEDERAL AWARDS - REPORTING ENTITY			\$ 6,000,342	\$ 6,000,342

JACKSON COUNTY, MICHIGAN

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2007

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Jackson County, Michigan and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. FISCAL YEAR

Federal expenditures reported on the accompanying schedule of expenditures of federal awards include certain amounts that are reported for the year ended September 30, 2007 to coincide with the fiscal year of the fund in which the expenditures are reported. The funds passed through the Region II Area Agency on Aging and the Michigan Department of Community Health are presented for the year ended September 30, 2007.



REHMANN ROBSON

Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

June 27, 2008

To the Board of Commissioners of
Jackson County, Michigan
Jackson, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Jackson County, Michigan**, as of and for the year ended December 31, 2007, and have issued our report thereon dated June 27, 2008. We did not audit the financial statements of the Medical Care Facility, which is a major fund, and therefore a separate opinion unit. In addition, we did not audit the financial statements of the Road Commission and the Economic Development Corporation. Those financial statements were audited by other auditors whose reports were furnished to us, and our opinion, in so far as it relates to the amounts included for the Medical Care Facility, Road Commission and Economic Development Corporation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Medical Care Facility were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jackson County, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2007-1 to be a significant deficiency in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described in the accompanying schedule of findings and questioned costs is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jackson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Jackson County in a separate letter dated June 27, 2008.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, others within the organization, the Board of Commissioners and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Lehmann Johnson", is positioned in the lower right area of the page.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

June 27, 2008

To the Board of Commissioners of
Jackson County
Jackson, Michigan

Compliance

We have audited the compliance of **Jackson County, Michigan**, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. Jackson County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Jackson County's management. Our responsibility is to express an opinion on Jackson County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jackson County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Jackson County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2007-2.

Internal Control Over Compliance

The management of Jackson County, Michigan is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Jackson County, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2007-2 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Jackson County, Michigan's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Jackson County, Michigan's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the Board of Commissioners, others within the organization, and federal awarding and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

JACKSON COUNTY, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified
not considered to be material weaknesses? X yes none reported

Noncompliance material to financial statements
noted? yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified
not considered to be material weaknesses? X yes none reported

Type of auditors' report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section 510(a)? X yes no

JACKSON COUNTY, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	Women, Infants and Children
93.044, 93.045	Aging Cluster
93.268	Immunization Grants
93.563	Title IV-D Child Support Enforcement

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

SECTION II – FINANCIAL STATEMENT FINDINGS

2007-1 Significant Audit Adjustments

Criteria: Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

Condition: During our audit, we identified and proposed three adjustments (which were approved and posted by management) that were significant, either individually or in the aggregate, to the County's financial statements. These adjustments included corrections for interest receivable, investments, escrow payable, due from other funds and net assets.

Cause: Internal controls did not detect all adjustments necessary to properly record year-end balances.

JACKSON COUNTY, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2007

- **Effect:** As a result, adjustments proposed and made to interest receivable in the Delinquent Tax Revolving fund, Investments and escrow payable in the Circuit Court Trust agency fund, and due from other funds and net assets in the Foreclosure Tax Administration fund

Recommendation: We recommend that the County take steps to ensure that all year-end adjustments are identified and properly made for financial reporting purposes.

**Management's
response:**

The County will implement this recommendation immediately.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2007-2 Allocation and Certification of Payroll Expenditures (Repeated)

Criteria: The Office of Management and Budget Circular No. A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, requires that when employees work on multiple activities, the distribution of their salaries or wages must be supported by personnel activity reports, except when a substitute system has been approved by the cognizant Federal agency. The Circular requires these reports be prepared at least monthly and must coincide with one or more pay periods.

Condition: During the year ended December 31, 2007, the Health Department allocated payroll charges to federal programs, including the Women, Infants and Children and Immunization programs, based on pre-determined percentages that had been determined by management. However, these percentages had remained static for several years and did not specifically coincide with particular pay periods. It appears the County is not allocating wages and salaries in a manner consistent with federal guidelines.

Effect: This condition increases the risk that the County will report an incorrect amount for expenditures related to the grants administered by these departments.

JACKSON COUNTY, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Concluded)

FOR THE YEAR ENDED DECEMBER 31, 2007

Cause: This condition appears to be the result of (1) past practice not having been previously questioned by the pass-through entity, and (2) lack of specific knowledge and understanding of the payroll allocation methods allowed by federal guidelines.

Recommendation: We recommend that the County implement a new payroll allocation method for the Health Department that is consistent with federal guidelines. Employees should track on their timesheets the number of hours spent working for each federal program. The timesheets should be signed by the employee and a supervisor who had direct knowledge of the employee's work schedule. Using the information from the timesheets, salaries and wages could be allocated to the various federal programs and tracked through the accounting system which is already well established.

Management's response: The County has determined that its current Health Department payroll allocation methods are not consistent with federal guidelines. A new payroll allocation method was instituted in October 2007, which is considered to be fiscal year 2008 for the Health Department.

SECTION IV – PRIOR YEAR FINDINGS

2006-1 Allocation and Certification of Payroll Expenditures

For the year ended December 31, 2007, the Department on Aging implemented an appropriate payroll allocation method.

* * * * *



REHMANN ROBSON

Certified Public Accountants

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June 27, 2008

To the Board of Commissioners of
Jackson County
Jackson, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County (the "County") for the year ended December 31, 2007, and have issued our report thereon dated June 27, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter dated February 8, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the County's compliance with those requirements.

While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the County's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on April 16, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third party administrators and subsequent claims activity.

We evaluated the key factors assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Material misstatements detected as a result of audit included an adjustment for interest receivable the Delinquent Tax Revolving fund, an adjustment to investments and escrow payable in the Circuit Court Trust agency, and an adjustment to record an advance in the Foreclosure Tax Administration fund. These adjustments were corrected by management:

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 27, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the governing body and management of the County and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large initial 'L'.

Jackson County

Comments and Recommendations

For the Year Ended December 31, 2007

In planning and performing our audit of the financial statements of Jackson County as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. The deficiencies we noted that we consider to be significant deficiencies are described in the Schedule of Findings and Questioned Costs in County's Single Audit report.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Other Matters

Information Technology

Limiting access to key financial data through strong password and access policies is a key IT control. Jackson County does not have a strong set of password controls that limit access to company financial information. We recommend that management oversee increasing password and other controls to include, but not limited to, the following matters:

- We understand that computer passwords at the network and financial accounting software level are not changed on a regular basis. In order to reduce the risk of access to computer files by unauthorized personnel, we recommend that the County institute a policy that requires passwords to be changed on a regular basis. For the size and complexity of Jackson County, once every six months would be adequate. The County may also wish to investigate building into its software automatic expiration of passwords to ensure that they are changed periodically.

Jackson County

Comments and Recommendations (Continued)

For the Year Ended December 31, 2007

- Usernames and passwords are a key control for limiting access to an organizations network and financial reporting system. Passwords should be forced by the system to be at least eight characters with a combination of letters, numbers and special characters. Currently, Jackson County does not force either of these controls at the network or financial application level. We recommend that the network and accounting system be set to force complex passwords.

We understand that there is no formal process in place for adding, changing or deleting users. In order to provide adequate security to computer system operations and valuable assets such as system hardware, software, and data, procedures should be developed to address changes in employee security rights. Typical procedures include the following:

- A form be developed that details the rights a new user will need with a spot for appropriate management sign-off.
- A form be developed that details a needed change in user rights with a spot for appropriate management sign-off.
- A process that ensures immediate deletion of terminated personnel passwords from the system.
- A process that ensures at least a yearly review of the granted security rights of each user.

Bank Reconciliations

Presently, there is no independent review of all completed cash bank reconciliations by a person independent of the person preparing the bank reconciliations. In order to enhance the internal controls in this key process, we recommend that a person independent of the preparer review the bank reconciliations and document the review, through signature and date, soon after the bank reconciliations are prepared.

In addition, various County departments use different bank reconciliation forms. We recommend that the County standardize its bank reconciliation forms used by all departments. This would enhance the bank reconciliation preparation and review processes.

Trust and Agency Account Balance

The County uses its agency funds to account for assets held on behalf of outside parties, including other governments. During our audit, we requested support for various accounts held as part of the County's agency fund. During our testing of these accounts, it was noted that not all of the Industrial Facilities Tax (IFT) payments were disbursed to local units during the year.

It is our recommendation that the County implement internal procedures to ensure that all applicable IFT's are paid out to the local units once collected.

Jackson County

Comments and Recommendations (Continued)

For the Year Ended December 31, 2007

Independent review and approval of journal entries

Currently, the County has no independent review and approval process for journal entries prepared by the various individuals. Because journal entries are a convenient mechanism through which fraudulent activity can be concealed, it is highly advisable that all journal entries be reviewed and approved by a person independent of preparing and posting the entry. Such review and approval needs to be documented (by initialing and dating the entry) and should ensure that appropriate source documents are present to support the purpose and dollar amount of the entry.

Daily deposits and reconciliations

The treasurer's office does daily reconciliations of deposits. We recommend that the County require the signature of the preparer on the daily reconciliation form. We also recommend that all daily reconciliations be reviewed and approved by a person independent of preparing and posting the entry and that a copy of the daily deposit slip from the bank is attached to the reconciliation.

The County has adhered to this recommendation and implemented this procedure in 2008.

Purchase order policy

The County's policy is to use purchase orders to facilitate approval of purchases in all departments. During testing it was noted that purchase orders were not always used when required by the County's purchasing policy. Essentially, these purchases were approved for payment after the invoices were received. We recommend that the County implement internal procedures to ensure that purchase orders are used and approved when required by the County's purchasing policy.

Parks depository account

During our internal control assessment of reconciling processes, it was noted that the Parks depository account is not reviewed and approval documented by the Finance Office. We recommend that this review be done in order to provide an independent verification that the account has been properly liquidated.

Health department accounts payable checks

Presently, accounts payable checks processed by the County central processing function are picked and mailed by the Health Department Administrative Assistant. This same employee also has the task of entering the account payable request transaction into the account payable system (batch). We recommend that another individual at the Health Department pick up and mail the accounts payable checks for a better separation of duties.

Jackson County

Comments and Recommendations (Concluded)

For the Year Ended December 31, 2007

Timeliness of Audit Report Issuance

All reports are dated June 27th for this year's audit. As auditors of the Jackson Primary Government, we have to wait for the reports of the component units in order to combine the audited component unit information into our workpapers and the final reports of the County audit. This year, two of the component unit reports were not finalized until the first and second weeks of June, which leaves a short amount of time to analyze, process and combine the audited amounts and related footnotes into the County CAFR, and to provide for the reviews of County Officials, and for the submission of the County CAFR to the Michigan Department of Treasury by the due date of June 30th.

We recommend that the County ensure that all of its component units have their audit reports in hand by at least mid-May or before to allow for the necessary time to include that information into the County CAFR report, in order to provide for time for combinations, reviews and report submissions.

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